

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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In re : Chapter 11 Case No.  
: :  
LEHMAN BROTHERS HOLDINGS INC., : 08-13555 (JMP)  
*et al.*, : :  
Debtors. : (Jointly Administered)  
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**REPORT OF  
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March 11, 2010

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## **APPENDIX 23: ANALYSIS OF APB, JOURNAL ENTRY, CASH DISBURSEMENT, AND JPMORGAN COLLATERAL**

This Appendix 23 was prepared by Duff & Phelps and presents a summary of the Duff & Phelps's analysis of certain accounting and trade detail regarding potential avoidance actions belonging to LBHI and LBHI Affiliates. First, Duff & Phelps analyzed certain trade detail recorded in Lehman's APB system ("APB"), which was a central repository for data relating to several Lehman trading systems. Second, Duff & Phelps analyzed certain manual journal entries affecting the Debtors' balance sheets, which were recorded in Lehman's corporate general ledger system ("DBS"). Third, Duff & Phelps examined certain payments presented in the Statement of Financial Affairs ("SOFA") 3(b) schedules that the Debtors filed with the Bankruptcy Court. Fourth, Duff & Phelps analyzed certain trade detail recorded in APB and corresponding pledged account records, which were provided to the Examiner by Lehman, relating to specific pledged collateral accounts. This final category of the analysis intended to address whether counterparties may have seized assets held in certain pledged collateral accounts without a corresponding cash payment or securities trade.

Duff & Phelps's analysis in this Appendix provides a basis for certain of the Examiner's conclusions regarding potential avoidance actions belonging to LBHI and LBHI Affiliates, discussed in detail in Section III.B.3.g, of the Examiner's Report.

## MEMORANDUM

**To:** The Examiner  
**From:** Duff & Phelps, LLC  
**Subject:** Avoidance Analysis - Review of APB Reporting System Data  
**Date:** February 1, 2010

### **I. Introduction**

This memorandum presents a summary of the procedures and findings of Duff & Phelps, LLC's ("Duff & Phelps") analysis of certain trade detail recorded in Lehman's APB trade reporting system ("APB"). The objective of the analysis was to identify trades that Duff & Phelps believed present the greatest probability of including avoidable transactions. The APB analysis discussed herein is one of four complementary approaches for identifying potentially avoidable transactions. The remaining three approaches, discussed in the attached exhibits, include (1) a review of certain manual journal entries impacting the balance sheets of the Debtor Entities; (2) a review of payments presented in the Statement of Financial Activity 3(b) ("SOFA") schedules filed with the U.S. Bankruptcy Court by each of the Debtor Entities; and (3) an analysis of pledged collateral accounts subject to lien that may have been seized by certain counterparties without a cash payment or asset trade. See **Exhibits 1-3**, respectively, for additional details.

### **II. Executive Summary**

Duff & Phelps's results consist of a pool of trades that are believed to represent a reasonable probability of including avoidable transactions, a summary of which is presented in **Table 1** below. To date, Duff & Phelps has identified approximately 5,100 such trades in APB that Lehman initiated from August 1, 2008 through September 19, 2008.<sup>1</sup> A more detailed summary of these selected trades is presented in section **IX. Findings** of this memorandum.

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<sup>1</sup> The APB dataset was made available to Duff & Phelps on September 23, 2009, which provided a limited time period to analyze the trade activity for the purpose of the Examiner's objectives. Duff & Phelps focused the review on trades occurring during the period August 1, 2008 through September 19, 2008. Duff & Phelps believes that the date range selected represents a period with a greater likelihood of avoidable trading activity due to Lehman's perceived viability and the state of the overall financial markets at that time. As a result, it is possible that extending the period to encompass 90 days or greater may not increase the occurrences of avoidable activity.

**Table 1 – Overall Summary of Findings**

Grand Total for the Selected Counterparties	Trade Count		Principal Volume (\$ millions)	
	Buy	Sell	Buy	Sell
Principal Trades - Non Government Agency	106	116	1,517.6	1,907.2
Principal Trades - Government Agency	1,836	2,162	17,521.9	17,889.0
Loan vs Cash Trades	24	25	457.5	485.5
TBA or Unlisted Option Trades	456	398	37,487.3	41,695.4
Reverse Repo Trades	10	15	62.3	147.7
<b>Total Selected Trades</b>	<b>2,432</b>	<b>2,716</b>	<b>\$57,046.6</b>	<b>\$62,124.8</b>

Duff & Phelps performed an analysis of the executed prices for the approximately 5,100 trades selected for additional review. See **Exhibit 21** for a description of the protocol for and the findings from this analysis.

### **III. Background**

The Examiner requested that Duff & Phelps assist in determining whether certain transactions or transfers made by Lehman are eligible for “avoidance” by the Lehman estate (the “Estate”). One of the primary elements to be considered in an “avoidance analysis” is whether Lehman received less than “reasonably equivalent value” in a transfer with a third-party. As such, a primary objective of this approach to the Avoidance Analysis was to identify trades that presented a relatively high probability of involving possible mispricing that could have been detrimental to the Estate. Another primary element is to identify transfers that may be avoidable on the basis of the occurrence during a period of insolvency of the Lehman entity. Hence we maintain the date information for such transfers pending a determination of insolvency.

#### Relevance of the Avoidance Analysis:

Generally speaking, section 547 (Preferences) and section 548 (Fraudulent Transfers and Obligations) of the Bankruptcy Code provide that a bankruptcy Trustee (“U.S. Trustee”) may nullify certain transfers made by the debtor. Of particular interest, section 548 (Fraudulent Transfers and Obligations) specifies that the U.S. Trustee has the right to “avoid” certain transfers made within two years of the petition filing date if the debtor “received less than a reasonably equivalent value in exchange for such transfer or obligation.”<sup>2</sup> Duff & Phelps sought to identify any such transfers which potentially left Lehman with less than “reasonably equivalent value.” The purpose of this analysis is to identify trading patterns, trades of interest or other activity with particular Counterparties that may warrant further investigation for potential fraud or other avoidable activity.

One of the investigative duties of the Examiner, as ordered by the Bankruptcy Court, specifically relates to the “avoidance” analysis presented herein. Namely, to investigate whether, “[t]he transactions and transfers, including but not limited to the pledging or granting of collateral security interest among the debtors and the pre-chapter 11 lenders and/or financial participants including but not limited to, JPMorgan Chase (“JPMorgan”), Citigroup, Inc. (“Citi”), Bank of America (“BofA”), the Federal Reserve Bank of New York and others.”<sup>3</sup>

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<sup>2</sup> 11 U.S.C. §548(a)(1)(B).

<sup>3</sup> Order Directing Appointment of an Examiner Pursuant to Section 1104(c)(2) of the Bankruptcy Code, at p. 4, Docket No. 2569, *In re Lehman Brothers Holdings, Inc.*, No. 08-13555 (Bankr. S.D.N.Y. Sept. 18, 2008).

### Multiple Approaches to Avoidance Analysis:

In the pursuit to identify potentially avoidable transactions or transfers, Duff & Phelps undertook multiple approaches, which are briefly summarized below. For further information regarding the methods presented below, see **Exhibits 1-3** for additional details.

#### *1. APB analysis*

For a financial institution such as Lehman, transfers of assets often involve trades of securities (stocks, bonds, etc.). Institutions are required to keep systematic records of these trades, and the transfers are observable in the firm's trading systems. This memorandum focuses on data housed in "APB," which is a database that consolidated the trade records of multiple Lehman trading systems. Further description of APB is presented below in section **V. Introduction to the APB System.**

#### *2. Journal entry analysis*

In the ordinary course of business, a transfer of assets will be accompanied by one or more journal entries. As such, it is possible to identify possible transfers or transactions of interest via an analysis of the debtor's journal entries. See **Exhibit 1** for further discussion regarding this approach.

#### *3. Cash disbursements analysis*

In the ordinary course of business, a transfer of cash out of an entity will be observable in the company's cash disbursement records. Given access to a firm's cash management systems, it is possible to identify transactions of interest by analyzing the cash payments. See **Exhibit 2** for further discussion regarding this approach.

#### *4. Pledged collateral accounts analysis*

In the period prior to the bankruptcy, certain counterparties that provided clearing services for Lehman requested increases in pledged collateral as a prerequisite for continuing providing such services. Such pledges of collateral often involved cash disbursements, which are subject to the analysis described above. However, in circumstances where assets were seized from accounts subject to lien, no cash or trade record exists. Given access to a firm's pledged collateral accounts, it is possible to identify seized assets and trace the assets back to the original legal entity that provided the assets used for collateral. Duff & Phelps was provided with limited access to certain Lehman pledged accounts at JPMorgan. See **Exhibit 3** for a summary of findings relating to tracing certain securities believed to be held in pledged accounts at JPMorgan at September 12, 2008.

## **IV. The APB Approach**

### Procedure Overview:

Duff & Phelps's study essentially entailed two distinct analyses: (1) systematically identifying trades that appear to represent a high level of pricing risk; and (2) analyzing the executed prices to market value prices for the flagged trades.<sup>4</sup> The results of the first analysis are summarized within this memo and accompanying **Exhibits 7-20**. For the pricing analysis, see **Exhibit 21** for details.

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<sup>4</sup> Pricing risk denotes the possibility that a party to a trade could pay (receive) a price which is higher (lower) than the fair market value. "Fair market value" is generally defined as the price at which a willing buyer and a willing seller, both free from undue pressure, would arrive.

### Role of Lehman Brothers, Inc. in the APB Analysis:

Most of the trades that Duff & Phelps analyzed were initiated by Lehman Brothers, Inc. (“LBI”). Duff & Phelps understands that LBI is not an LBHI chapter 11 debtor subsidiary or affiliate (“LBHI Affiliate(s)”), and as such would typically be excluded from this avoidance analysis. While LBI is not a debtor entity of interest, it was one of the two broker-dealers through which Lehman conducted its trades.<sup>5</sup> LBI is therefore included strictly for its role as an intermediary, and not as a debtor entity subject to avoidable transactions.

### Focusing the Analysis:

Duff & Phelps’s aim was to focus the analysis on trades that are most likely to be avoidable and which were most likely to have had a significant impact on the Estate. To further these goals, Duff & Phelps considered the following in its selection process:

- Date range of analysis

Duff & Phelps focused the review on trades occurring during the period of August 1, 2008 through September 19, 2008. Duff & Phelps believes that the date range selected represents a period with a greater likelihood of avoidable trading activity due to Lehman’s perceived viability and the state of the overall financial markets at that time.<sup>6</sup>

- Relationship between Lehman and its trading partner

There are always at least two sides to any trade. Intuitively, in order for one party to buy a security, another party must sell it. When a trade is observed from a given entity’s vantage point, the party on the other side of the trade is referred to as the “counterparty.” As such, for each trade that Lehman enters into, there will be at least one counterparty to Lehman for that trade.<sup>7</sup>

It was assumed that transfers leaving Lehman with less than “reasonably equivalent value” were more likely to occur when Lehman had a close relationship with its trading partner (*i.e.* related parties). Intuitively, it makes more sense for Lehman to off-load value and provide benefit to a partner with whom it has a well-established relationship, rather than a party with whom it has had few dealings.

- Type of asset traded

It is more difficult to estimate the fair market value of certain types of assets than it is for others. In financial reporting terms, “Level 1” assets are relatively easy to value because they have readily observable prices. In contrast, “Level 2” and “Level 3” assets do not have readily observable prices in the market. As such, they are more difficult to reliably estimate than Level 1 assets.

For example, determining a fair market price for U.S. Treasury Bonds, especially those that are “on-the-run” (*i.e.* the most recently issued bond of a given maturity) is typically straightforward

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<sup>5</sup> LB International – Europe (“LBIE”) was the other Lehman broker/dealer.

<sup>6</sup> The Barclays trades were analyzed for the two week period prior to its purchase of LBI on September 19, 2008. This two-week period was selected for analysis in order to capture trading activity between Lehman and Barclays that occurred during a time when it was heavily rumored that Barclays was a likely buyer, and the apparent risk of potential fraudulent conveyance was considered “high.”

<sup>7</sup> It is possible to have more than one counterparty to a trade. For example, “tri-party” trades involve three parties, where one entity acts as custodian or clearing entity.

with very little variance between deals. This is because of the large volume of U.S. Treasury Bonds sold on a daily basis. In other words, U.S. Treasury Bonds are highly liquid.<sup>8</sup> Conversely, illiquid asset types that are highly customizable and/or trade infrequently, such as Residential Mortgage-Backed Securities (“RMBS”) and Collateralized Mortgage Obligations (“CMO”), often require the use of confidential sophisticated models to estimate value. Moreover, the estimates that different parties arrive at may vary greatly depending on differences in model specification and input assumptions.<sup>9</sup> Such securities are viewed as illiquid.

It was assumed that trades involving assets which are relatively more difficult to value (*i.e.* illiquid assets) were more susceptible to manipulation by Lehman and/or its trading partners.

▪ Type of trade conducted

Lehman would have transferred out its own assets through trades conducted on its own behalf (*i.e.* “Principal Trades”) and not those initiated on behalf of a Lehman client (*i.e.* “Agency Trades”). Agency Trades were therefore not included in this analysis. Trades conducted with subsidiaries (*i.e.* “Intercompany Trades”) were also not analyzed. These selection criteria are discussed in greater detail in later sections of this memorandum. Examples of the types of trades which could have facilitated Lehman off-loading value include, but are not limited to, the following:

- Principal trades, trades in which Lehman sold a security and collected cash or other liquid assets, bought a security and paid out cash or other liquid assets;
- Reverse Repo or Buy Sellback trades involving illiquid assets where the second leg of the transaction (wherein Lehman would return the security and regain the related cash) was not consummated before Lehman filed for bankruptcy.

▪ Dollar value of the trade

Trades involving larger dollar values are viewed as having a greater likelihood of having a significant impact on the Estate. Moreover, the larger the value of the trade, the more room there may have been for Lehman to off-load value and accept less than “reasonably equivalent value.”

## V. Introduction to the APB System

The APB database is essentially a collection of hundreds of tables of data. In order to get a clear understanding of a particular trade, Duff & Phelps needed to piece together information from various tables using Structured Query Language (“SQL”) queries (this process is discussed in greater detail in a later section). For example, one table would contain the unique trading account identifiers used by Lehman, referred to internally as “Account REF IDs,” (“Account ID”), along with other descriptive information regarding the trades associated with each Account ID. That information would be cross-referenced to another table containing product information, which more fully describes the security being traded, and yet another table containing counterparty information.

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<sup>8</sup> Liquid assets are typically straightforward to value because, by definition, they are easily converted into cash, the value of which is precisely known.

<sup>9</sup> For example, one assumption that is often needed for models used to estimate the value of Mortgage-Backed Securities is the discount rate, which is often not readily observed in the market. All else equal, small changes in the assumed discount rate can lead to very large differences in estimated value.

APB is the system used to report trade information, but it is not the system into which trade information is initially entered when a trade is enacted. Based upon Duff & Phelps's extensive discussions with Barclays, it is Duff & Phelps's understanding that five back-office trading systems feed into the APB reporting system. The five source systems are briefly described below. These source systems are mutually exclusive, so the same trade cannot be observed in more than one trading system. While not all counterparties are represented in each system, most are in MTS, and almost all are in ITS.

1. *MTS Source System:*

MTS is Lehman's U.S.-based trading system containing fixed-income transactions.

2. *ITS Source System:*

ITS is Lehman's international trading system that contained non-U.S. trades of both fixed-income and equity transactions.

3. *TMS Source System:*

TMS is a U.S.-based system similar in nature to MTS, but which includes only equity transactions involving LBI.

4. *GL1 Source System:*

GL1 (or Global 1) is a U.K.-based system which records stock/loan transactions. This source system is of interest because stock/loans are a way to send assets off the books without receiving cash in return.<sup>10</sup> Duff & Phelps has petitioned PWC-UK for assistance to understand the system, but this request has not yet been granted.

5. *CDY Source System:*

CDY is a system for commodities and foreign exchange transactions. Consistent with the type of trades contained in CDY, the principal value for each trade therein is zero. Since trades with principal value equal to zero represent no net impact to Lehman from the perspective of its general ledger, to date Duff & Phelps has not analyzed data from the CDY system.

## **VI. Accessing and Extracting Meaningful Data from the APB Database**

### Obtaining Access to APB:

Duff & Phelps contacted Barclays Capital Inc. ("Barclays") regarding Lehman's APB system. Since the APB system houses an inordinate amount of data, approximately five terabytes, it was not made readily available for Duff & Phelps to query. Rather, Duff & Phelps was limited to working through channels at Barclays to access the needed data. Finally, on September 23, 2009 Duff & Phelps was granted access to a database containing APB trade records dating back multiple years, enabling Duff & Phelps to perform this analysis.

### Collaborating with Barclays to Identify Principal Trading Accounts:

Duff & Phelps collaborated with the Barclays Global Accounts group to identify Principal Trading Accounts for each of the selected counterparties. These Principal Trading Accounts were used for trades directly with the counterparty on the counterparty's own behalf. Duff & Phelps's understanding is that Agency Trading Accounts were used when the counterparty was trading on behalf of yet another party.

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<sup>10</sup> LBI could have off-loaded value via stock/shorts if it lent a security to a short seller and did not receive that asset back from the third party prior to filing for bankruptcy.

This analysis also did not consider Intercompany Trading Accounts. Duff & Phelps has separately assessed Intercompany issues. Based upon discussions with knowledgeable Barclays' professionals, Duff & Phelps was able to identify Principal Accounts for specific counterparties using Account REF IDs, which are unique trade account identifiers, and confined the sample to trades initiated with these accounts.

Identifying Necessary Fields:

By explaining the purpose of APB's numerous tables and what many of their fields signify, Barclays professionals helped Duff & Phelps gain an understanding of which fields were necessary to extract from the various data tables. Since data for a given trade was extracted from several distinct tables in APB, it was of particular importance that Duff & Phelps use the appropriate identifying fields to extract the data correctly.

The discussions Duff & Phelps had with Barclays regarding field definitions was also helpful from the perspective of determining which fields might be relevant to this analysis. A discussion of the fields included in Duff & Phelps's analysis is provided below. Note that as of the date of this memorandum, Duff & Phelps has not been provided with a comprehensive resource that describes all fields found in APB. See **Exhibits 4-6** for a glossary of relevant known terms/types.

Developing Queries:

Duff & Phelps had to ensure that each query captured all the relevant data necessary to analyze the trade, which was an iterative process. The final syntax that was used to run the queries was tested by reconciling trade data extracted from APB to similar queries in the source feeder systems (*e.g.* MTS) to ensure that the output was identical or that any differences were fully understood.

Running Queries:

As stated above, the APB database is essentially a collection of hundreds of tables of data. Using SQL,<sup>11</sup> Duff & Phelps was able to extract the relevant information through a series of queries.<sup>12</sup> For technical reasons, running queries on APB is a time-consuming process. While there is a wide variance in the amount of time necessary to run a single query, the process can require multiple days if the queries are not carefully constructed.

Given APB's structure and the fact that Duff & Phelps's focus was limited to Lehman's Principal Trading Accounts, the most efficient manner in which to extract data was by counterparty. Analyzing by counterparty allowed Duff & Phelps to look for the trades by Principal Trade Account. In other words, this type of search is conducted in a controlled environment where the trades are known *a priori* not to be from the Agency or Intercompany Trading Accounts. From a feasibility perspective, it was important that whatever process Duff & Phelps adopted minimize the amount of non-Principal Trading Account activity that would be captured by Duff & Phelps's queries. For example, if Duff & Phelps had extracted trade data solely based upon asset type, the query would not have been able to return only trades from Principal Trading Accounts. Some queries of this sort could not even be run because the computing power needed was too great. Moreover, even if the query could be run, Duff & Phelps would have been required to filter down the data "manually," which would have been an additional time-consuming step. The

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<sup>11</sup> SQL, or "Structured Query Language," is the standard computer database language used to organize, manage, and retrieve data. *See JAMES R. GROFF & PAUL N. WEINBERG, SQL: THE COMPLETE REFERENCE GUIDE 4* (McGraw-Hill, 2nd ed. 2002) (1992).

<sup>12</sup> Query denotes the process of requesting, and consequently receiving, specific data from a database. *See id.*

difficulty in querying APB required a number of days working together with knowledgeable Barclays' personnel in order to generate meaningful data for further analysis.

Furthermore, given the time-consuming nature of running APB queries, it is more efficient to extract all of the fields for a trade that might be needed at one time, rather than through a series of extractions. As stated above, Duff & Phelps does not have a resource which provides descriptions of all fields available in APB. Duff & Phelps therefore selected a number of fields that had not yet been defined, some of which may ultimately prove to offer no value in the analysis of the trades for avoidability. A summary of the dataset Duff & Phelps extracted eventually included over 140 fields, but the analysis utilized approximately 25 percent of these fields. See **Exhibit 4** for a listing of the fields Duff & Phelps identified as most relevant for the purpose of this analysis.

## VII. Sample Selection Process

### Counterparties of Interest:

Duff & Phelps analyzed trading data for a total of 14 entities, which served as counterparties to Lehman trades. Duff & Phelps initially chose 11 entities for its sample, and the Examiner requested that an additional three entities be included.<sup>13</sup> Counterparties that satisfied the following criteria were chosen (See **Table 2** below for a listing of the analyzed entities):

- *Large banks / Clearing houses*

An entity was considered to be a “large bank / clearing house” based upon the services provided to Lehman and/or its level of trading activity. Also included in this group is the Federal Reserve Bank of New York (the “Fed”). Duff & Phelps thought it important to review accounts of large banks / clearing houses for a number of reasons. For example, the volume of trading an entity engages in is likely to be positively related to size of the entity (by assets). Furthermore, the dollar value of the trades is probably positively correlated with the entity’s size (by assets). As such, it is likely that the larger banks would have engaged in a more frequent number and a higher dollar volume of trades.

- *Potentially related parties*

Other counterparties that are potentially a related party with Lehman were also selected. The Examiner selected certain counterparties of interest that had the appearance of being affiliated with Lehman. The possibility of improper activity is greater with possibly affiliated counterparties, which may have lead to opportunistic trading activity involving off-loading value to related parties at the expense of the Estate.

- *Counterparties trading in illiquid assets*

Entities which were counterparties to trades with Lehman involving illiquid assets were selected. Duff & Phelps selected these counterparties since Lehman would have been more likely to off-load value when the fair market value of an asset is difficult to estimate, as is the case with illiquid assets. A discussion of which assets Duff & Phelps considered to be illiquid and why is further discussed below.

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<sup>13</sup> The Examiner requested that Duff & Phelps add HSBC, Standard Bank, and Barclays to the preliminary list of selected entities.

**Table 2 – Selected Counterparties**

<b>Large Banks/Clearing Houses</b>	<b>Potentially Related Parties</b>	<b>Illiquid Asset Trading Partners</b>
Bank of America Corporation	R3 Capital Management, LLC	Fortress Investment Group
Barclays Plc	One William Street Capital Management	Blackrock, Inc.
Citigroup, Inc.		BlueMountain Capital Management LLC
HSBC Holdings Plc		Stark Investments LP
JP Morgan Chase & Co.		
The Bank of New York Mellon Corporation		
The Federal Reserve Bank of New York		
Standard Bank		

**Period of Interest:**

For the full year prior to Lehman's petition filing (September 1, 2007 through September 19, 2008), APB contains more than five million trades between Lehman and the selected 14 counterparties.

The dataset was made available to Duff & Phelps on September 23, 2009, which provided a limited time period to analyze the trade activity for the purpose of the Examiner's objectives. Given the time constraints, for the purpose of this analysis, Duff & Phelps focused the review on trades occurring during the period August 1, 2008 through September 19, 2008.<sup>14</sup> Duff & Phelps believes that the date range selected represents a period with a greater likelihood of avoidable trading activity due to the state of Lehman's perceived viability and the overall financial markets at that time. As a result, it is possible that extending the period to encompass 90 days or greater may not increase the occurrences of avoidable activity.

**Determining Trades of Interest:**

In order to identify trades of interest, Duff & Phelps first removed trades with a number of characteristics indicating that avoidability was unlikely. After trades with the following characteristics were culled, the remaining pool consisted of trades representing, what Duff & Phelps believes to be, a selection with a high probability of containing avoidable transactions.

▪ **Cancelled trades were removed**

Duff & Phelps removed all cancelled trades from its analysis.

▪ **Exclusions based on ‘Principal Value’**

Duff & Phelps removed all trades involving a principal value of \$0 from the analysis.<sup>15</sup> These observations were not included because they have a net zero impact on the firm's general ledger. Duff & Phelps also removed all trades with principal value less than \$1 million from the sample. This criterion was applied to reduce the sample size for review to a more manageable level with an eye toward more significant amounts.

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<sup>14</sup> As previously noted, the Barclays trades were analyzed for the two week period prior to its purchase of LBI on September 19, 2008. This two-week period was selected for analysis in order to capture trading activity between Lehman and Barclays that occurred during a time when it was heavily rumored that Barclays was a likely buyer, and the apparent risk of potential fraudulent conveyance was considered “high.”

<sup>15</sup> Stock/loans contained in GL1 have a principal balance of zero. Due to the nature of GL1 transactions, these trades have not been excluded from this analysis; however, as of the date of this memorandum, information relating to these trades has not been provided to Duff & Phelps.

- *Exclusions based on ‘Trade Type’*

Duff & Phelps removed all types of trades which could not have facilitated the transfer of value out of the Estate. All “Agency Trades,” which can arise in Lehman’s Principal Trading Account when a trade between a Lehman customer and a third-party goes *through* Lehman, but is not *with* Lehman, were removed. “Cross Trades” were also excluded. Similar to Agency Trades, Cross Trades involve a trade between two Lehman customers, where the trade goes through Lehman. All Repos and Sell Buybacks Trades, wherein Lehman was the borrower of funds, were removed. Finally, all Reverse Repos and Buy Sellback Trades where the “second leg” of the transaction (wherein Lehman would return the security and regain possession of the cash) had been consummated before Lehman filed for bankruptcy were eliminated. See **Exhibit 5** for a descriptive listing of the APB Trade Types.

- *Exclusions based on ‘Asset Type’*

Generally speaking, Duff & Phelps removed all Level 1 and certain Level 2 assets from the pool since mispricing is unlikely in a highly liquid market. In other words, trades involving Level 1 and certain Level 2 assets were excluded because Lehman would not likely have been left with less than “reasonably equivalent value” in the absence of significant mispricing.

In particular, Duff & Phelps removed all U.S. Treasuries (Bonds and T-Bills) and U.K. Gilt Bonds. These securities were eliminated because the vast liquidity of their markets makes the possibility of mispricing remote.

All investment grade corporate debt was removed from the sample, again because mispricing is unlikely. Corporate bonds rated BBB- or higher and commercial paper rated A2 or higher are generally denoted as investment grade. Debt of major utility companies was excluded, even if the bonds were unrated. Foreign government bonds for developed countries were removed, as were municipal bonds of investment grade or better. See **Exhibit 6** for a descriptive listing of the APB Asset Types.

- *Trades involving exchange-listed assets were removed*

Duff & Phelps also removed all trades of securities listed on an exchange, as their placement on an exchange mitigates price risk. In other words, it is unlikely that Lehman would be able to significantly misprice an asset on an exchange because the price data would be available to many other interested parties who are aware of the fair market value.

After the above-specified exclusions were made, the trade types which remained were those in which: (i) Lehman sold a security and collected cash or other liquid assets, (ii) bought a security and paid out cash or other liquid assets, or (iii) engaged in a Reverse Repo or Buy Sellback Trade where the second leg of the transaction was not consummated before Lehman filed for bankruptcy. Moreover, the pool of trades that remained was populated with Level 3, and some Level 2, assets. Many of the included assets were illiquid, such as non-agency RMBS.

## VIII. Selection for Secondary Review

The above selection process culminated in providing a pool of approximately 30,000 trades of interest out of the original approximately 1 million trades extracted from the APB database. A second level review process was then initiated, wherein Duff & Phelps targeted approximately 5,100 trades with the following characteristics as meriting potential further review for possible avoidability:

- The security's 'Principal Value' was significant in size: Any trade in excess of \$50 million was given additional review if it was excluded based on the criteria previously established, unless it involved a U.S. Treasury Security or a security issued by a large cap publicly traded company (*e.g.* Wal-Mart).
- The security was an asset-backed security: RMBS in particular, given the market for such securities at that time immediately prior to the bankruptcy filing.
- The security was a debt security and would likely be considered "junk" (*i.e.*, not investment grade).
- Lehman transactions in its own debt or equity securities.

## **IX. Findings**

Duff & Phelps's objective was to identify transactions that present a high probability of involving mispricing detrimental to Lehman. Duff & Phelps's findings consist of a population of 5,148 trades that Lehman initiated during the period August 1, 2008 through September 19, 2008, that merited further analysis.

Duff & Phelps prepared a series of exhibits, one for each of the 14 entities that Duff & Phelps analyzed, which contain details regarding the trades of interest. These exhibits are attached as **Exhibits 7-20**. Each counterparty's trading activity was carefully reviewed; trades qualified for further analysis in the context of the avoidance analysis based upon criteria previously presented in Section VII and Section VIII, and a summary of the findings presented therein, can be found in **Tables 3 and 4 below**.

**Table 3 – Overall Summary of Findings (Same as Table 1 Above)**

<b>Grand Total for the Selected Counterparties</b>	<b>Trade Count</b>		<b>Principal Volume (\$ millions)</b>	
	<b>Buy</b>	<b>Sell</b>	<b>Buy</b>	<b>Sell</b>
Principal Trades - Non Government Agency	106	116	1,517.6	1,907.2
Principal Trades - Government Agency	1,836	2,162	17,521.9	17,889.0
Loan vs Cash Trades	24	25	457.5	485.5
TBA or Unlisted Option Trades	456	398	37,487.3	41,695.4
Reverse Repo Trades	10	15	62.3	147.7
<b>Total Selected Trades</b>	<b>2,432</b>	<b>2,716</b>	<b>\$57,046.6</b>	<b>\$62,124.8</b>

**Table 4 – Summary of Findings by Counterparty**

Counterparty and Trade Type Description	Trade Count		Principal Volume (\$ millions)	
	Buy	Sell	Buy	Sell
<b>1. One William Street</b>				
Principal Trades - Non Government Agency	2	7	19.5	49.4
<b>2. BlueMountain</b>				
Principal Trades - Non Government Agency	1	5	3.5	20.2
Reverse Repo Trades	5	5	47.3	47.3
<b>3. Stark</b>				
Principal Trades - Non Government Agency	3	3	2.3	6.3
Principal Trades - Government Agency	7	1	81.8	0.0
TBA or Unlisted Option Trades	7	8	474.1	384.3
<b>4. R3</b>				
Principal Trades - Non Government Agency	19	16	64.0	48.0
Principal Trades - Government Agency		1	-	26.4
TBA or Unlisted Option Trades	26	26	199.2	199.2
<b>5. Fortress</b>				
Principal Trades - Non Government Agency	2	16	8.0	78.1
TBA or Unlisted Option Trades	2	2	253.8	218.6
<b>6. Blackrock</b>				
Principal Trades - Non Government Agency	2	4	76.1	131.5
Principal Trades - Government Agency	643	648	10,186.6	10,543.6
Reverse Repo Trades	3	5	6.9	41.1
TBA or Unlisted Option Trades	172	178	8,627.8	11,739.6
<b>7. JPMC</b>				
Loan vs Cash Trades	21	22	223.8	271.7
Principal Trades - Non Government Agency	15	13	44.9	32.4
Principal Trades - Government Agency	782	356	3,684.9	2,689.0
TBA or Unlisted Option Trades	130	105	14,615.0	14,110.0
<b>8. Bank of America</b>				
Principal Trades - Non Government Agency	3	4	47.2	218.0
Principal Trades - Government Agency	96	469	450.9	1,378.1
TBA or Unlisted Option Trades	32	34	4,566.9	5,992.3
<b>9. Bank of New York</b>				
Loan vs Cash Trades	3	3	233.7	213.8
Principal Trades - Non Government Agency	10	7	710.5	562.3
Principal Trades - Government Agency	51	64	88.2	245.3
TBA or Unlisted Option Trades	13	5	68.8	14.9
<b>10. Citigroup</b>				
Principal Trades - Non Government Agency	23	19	405.8	676.6
Principal Trades - Government Agency	246	612	2,986.3	2,967.1
Reverse Repo Trades	2	5	8.1	59.3
TBA or Unlisted Option Trades	72	40	8,677.7	9,036.6
<b>11. HSBC</b>				
Principal Trades - Non Government Agency	6	11	23.5	54.2
Principal Trades - Government Agency	4	5	26.1	28.2
TBA or Unlisted Option Trades	2	-	4.1	-
<b>12. The Fed</b>				
No trades qualified for further review*	n/a	n/a	n/a	n/a
<b>13. Standard Bank</b>				
No trades qualified for further review*	n/a	n/a	n/a	n/a

\*Each counterparty's trading activity was carefully reviewed and, based upon criteria previously presented in Section VII and Section VIII, certain trades did not qualify for further analysis in the context of the avoidance analysis (for example, trades in which Lehman received relative equivalent value in exchange for collateral).

## **X. Possible Additional Analyses**

The scope of Duff & Phelps's analysis was determined based upon the available time and data with the purpose of identifying certain findings relevant to the Examiner's report. The dataset that was prepared for Duff & Phelps's analyses is comprehensive and may be relevant to additional analyses. Examples of such additional analyses are listed below.

### Expanded Scope:

The trade review procedures outlined in this memorandum were limited to the time period between August 1, 2008 and September 19, 2008. A potential additional analysis would be to increase the time period to encompass more of the two year period permitted by the bankruptcy code.

### LBHI Trading Activity Analysis:

The trading activity of LBHI may be further analyzed to identify additional trades with other third parties (*i.e.* third parties other than the counterparties selected as a part of the existing protocol, which are already subject to review), which may represent pledged collateral.

### Asset Type Analysis:

An analysis by asset type could be conducted, which would involve interrogating APB to pull only those trades involving illiquid assets (e.g. RMBS). This analysis could prove fruitful, as trades involving illiquid assets pose greater pricing risk. Note that for the present study of 14 counterparties, such assets have been selected into the recommended pool of trades for review. Further note, this approach poses a challenge regarding the segregation of Principal Account trades.

### Trade Type Analysis:

The APB database may be interrogated by Trade Type. For example, a query could be run for all financing transactions in which Lehman was the holder of the asset, such as Reverse Repos, where the settlement date was after the bankruptcy date. Note, once again, this approach poses a challenge regarding the segregation of Principal Account trades.

### Exchange Traded Asset Analysis:

An analysis of trades that occurred on foreign exchanges with relatively low trading volume and/or increased sovereign risk could identify potentially mispriced trades, as these trades may present greater exposure to mispricing due to the lower visibility and volume of trades executed on such exchanges.

### Analysis of GL1 Trades:

As previously discussed, GL1 is a U.K.-based system that records stock/loan transactions. GL1 then feeds a record of stock/loan trades entered into by Lehman into APB. However, Duff & Phelps did not have sufficient knowledge of the trade activity to pursue further analysis. A possible additional analysis may involve a review of the outstanding stock/loans at the bankruptcy date to verify that all stock/loans were consummated (*i.e.*, that the stocks were returned to the Estate).

## **Listing of Exhibits**

- Exhibit 1: Manual Journal Entry Review Summary Memoranda
- Exhibit 2: Cash Disbursements Review Summary Memoranda
- Exhibit 3: Review of Certain Pledged Collateral Accounts at JPMorgan Summary Memoranda
- Exhibit 4: APB Fields of Interest
- Exhibit 5: APB Trade Types
- Exhibit 6: APB Asset Types
- Exhibit 7: One William Street Capital Management LP - Memoranda and Appendices re: APB Trade Review
- Exhibit 8: BlueMountain Capital Management LLC - Memoranda and Appendices re: APB Trade Review
- Exhibit 9: Stark Investments LP - Memoranda and Appendices re: APB Trade Review
- Exhibit 10: R3 Capital Management LLC - Memoranda and Appendices re: APB Trade Review
- Exhibit 11: Fortress Investment Group LLC - Memoranda and Appendices re: APB Trade Review
- Exhibit 12: Blackrock, Inc. - Memoranda and Appendices re: APB Trade Review
- Exhibit 13: JP Morgan Chase & Co. - Memoranda and Appendices re: APB Trade Review
- Exhibit 14: Bank of America Corporation - Memoranda and Appendices re: APB Trade Review
- Exhibit 15: Bank of New York Mellon Corporation - Memoranda and Appendices re: APB Trade Review
- Exhibit 16: Citigroup, Inc. - Memoranda and Appendices re: APB Trade Review
- Exhibit 17: HSBC Holdings Plc. - Memoranda and Appendices re: APB Trade Review
- Exhibit 18: The Federal Reserve Bank of New York - Memoranda and Appendices re: APB Trade Review
- Exhibit 19: Standard Bank Group Limited - Memoranda and Appendices re: APB Trade Review
- Exhibit 20: Barclays Plc. - Memoranda and Appendices re: APB Trade Review
- Exhibit 21: Findings re: Avoidable Analysis – Pricing Comparison

**Exhibit 1 - Intercompany Asset Transfers for Avoidance Analysis (General  
Ledger Approach)**

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## EXHIBIT 1

**SUBJECT:** General Ledger Approach - Identifying Third-Party Asset Transfers for Avoidance Analysis

### Executive Summary

#### Selected Entries

Duff & Phelps completed the analysis of the population of manual journal entries with a gross balance of greater than \$500 million that were booked between September 1, 2007 and September 12, 2008. In Duff & Phelps's review, 138 manual journal entries were identified. This selection represents 28 percent of the 493 entries that comprised the population. The 138 entries were selected for analysis based upon the determination that the entries potentially represented one or more of the following activities:

- Third-party asset transfers.
- Forgiveness of debt.
- Equity transfers.
- Any unusual or indistinguishable activity.

#### Conclusion

Based upon discussions with relevant knowledgeable personnel from Alvarez & Marsal ("A&M"), a detailed analysis of each of the selected journal entries would not be feasible in the allotted timeframe. Given the timing and the costs associated with this analysis, it was determined that completion of this analysis would not be a prudent use of the Estate's resources. Duff & Phelps finds that sufficient analyses have been performed via the cash disbursements analysis, the APB trade analysis, and the pledged collateral accounts analysis to address the issue of third party avoidance without the completion of the general ledger approach.

### Analysis

#### Population Statistics – General Ledger Approach

Using Lehman's legacy accounting system, Vista Essbase, Duff & Phelps determined the number and dollar value of the credit adjustments (*i.e.* the transfer of assets out of Lehman) to the consolidated asset accounts. Duff & Phelps's analysis determined there were approximately 600,000 adjustments of \$20 million or greater in the period between September 1, 2007 and September 12, 2008. In an attempt to focus on risk areas ("segments" that Duff & Phelps believe present the highest probability of containing voidable transactions) Duff & Phelps pared this population down significantly.

#### Segmented Results Based upon Dollar Value

Duff & Phelps's next "refinement" of the population of entries was to segment the entries by dollar amount in \$50 million increments to help evaluate the level of "coverage" (based upon U.S. Dollar value) that can be obtained by focusing on higher dollar transactions. Presented below are the segmented manual journal entries broken down between third-party and intercompany accounts. It was clear from the presented data that Duff & Phelps could pare down the largest segment (adjustments greater than \$500 million) further to achieve a reasonable coverage ratio.

**Table 1: Summary of Third-Party Manual Journal Entries**

<b>Third-Party Manual Journal Entries</b>	<b>Entries</b>	<b>Value (\$millions)</b>	<b>% of Total</b>
\$20MM - \$50MM	178	5,852	0.1%
\$50MM - \$100MM	150	11,191	0.2%
\$100MM - \$150MM	93	11,450	0.2%
\$150MM - \$200MM	59	10,197	0.2%
\$200MM - \$250MM	37	8,201	0.1%
\$250MM - \$300MM	30	8,279	0.1%
\$300MM - \$350MM	24	7,695	0.1%
\$350MM - \$400MM	18	6,780	0.1%
\$450MM - \$450MM	26	10,984	0.2%
\$450MM - \$500MM	20	9,428	0.1%
\$500MM - \$550MM	15	7,745	0.1%
\$550MM - \$600MM	8	4,588	0.1%
\$600MM - \$650MM	11	6,804	0.1%
\$650MM - \$700MM	20	13,412	0.2%
\$700MM - \$750MM	14	10,107	0.2%
\$750MM - \$800MM	13	10,062	0.2%
\$800MM - \$850MM	15	12,315	0.2%
\$850MM - \$900MM	9	7,857	0.1%
\$900MM - \$950MM	8	7,405	0.1%
\$950MM - \$1B	13	12,729	0.2%
\$1B+	367	6,330,693	97.2%
Total	1,128	6,513,775	100.0%

Table 2: Summary of Intercompany Manual Journal Entries

Intercompany Manual Journal Entries	Entries	Value (\$millions)	% of Total
\$20MM - \$50MM	101	3,283	0.1%
\$50MM - \$100MM	74	5,315	0.1%
\$100MM - \$150MM	69	8,485	0.2%
\$150MM - \$200MM	48	8,069	0.2%
\$200MM - \$250MM	20	4,501	0.1%
\$250MM - \$300MM	19	5,257	0.1%
\$300MM - \$350MM	33	10,649	0.2%
\$350MM - \$400MM	18	6,647	0.2%
\$450MM - \$450MM	16	6,712	0.2%
\$450MM - \$500MM	11	5,215	0.1%
\$500MM - \$550MM	13	6,842	0.2%
\$550MM - \$600MM	10	5,760	0.1%
\$600MM - \$650MM	10	6,163	0.1%
\$650MM - \$700MM	8	5,401	0.1%
\$700MM - \$750MM	8	5,814	0.1%
\$750MM - \$800MM	4	3,077	0.1%
\$800MM - \$850MM	8	6,599	0.2%
\$850MM - \$900MM	3	2,629	0.1%
\$900MM - \$950MM	5	4,608	0.1%
\$950MM - \$1B	4	3,898	0.1%
\$1B+	173	4,190,309	97.3%
Total	655	4,305,235	100.0%

After confirming the appropriate dollar value threshold of \$500 million with the Examiner, Duff & Phelps was then able to focus the review of entries to the remaining 493 entries while maintaining an appropriate coverage ratio.

#### Journal Entry Review Process

Duff & Phelps reviewed the 493 entries flagged above for evidence of the following characteristics:

- Third-party asset transfers.
- Forgiveness of debt.
- Equity transfers.
- Any unusual or indistinguishable activity.

As a result of this review, Duff & Phelps identified 138 of the 493 flagged manual journal entry IDs (28%) requiring further analysis.

Additionally, as part of Duff & Phelps's separate efforts to "flag" entries that may represent intercompany account activity, real estate mark-to-market adjustments, and compensation related entries, Duff & Phelps identified 216 intercompany transactions, 43 real estate mark-to-market transactions, and 23 compensation-related entries.

## Findings

In reviewing the selected 138 entries, Duff & Phelps identified accounting entries that were recorded by controllers currently employed by Barclays and A&M.<sup>1</sup> Duff & Phelps conducted interviews with six (6) Barclays and two (2) A&M controllers discussing a total of 18 manual journal entries. Duff & Phelps's discussions were limited to the high level understanding of the nature and purpose of each selected journal entry, and no further supporting information in the form of spreadsheets, reports or other were provided to us. Please note that other controllers were not available for discussions due to various reasons, including recent termination of employments or employment by the Nomura Securities Co., Ltd.

The table below summarizes the number of entries selected for further review and completed interviews:

Table 3: Summary of selected journal entries discussed with A&M and Barclays controllers.

Description	Number of Entries
Discussed with Barclays controllers	17
Discussed with A&M controllers	2
Subtotal	19
Less: Entries discussed with both A&M & Barclays personnel*	1
Total entries covered via discussions with knowledgeable personnel	18
Total entries selected for review	138
% of entries covered via discussions with knowledgeable personnel	13%

\* One entry was discussed with both A&M and Barclays' controllers.

Refer to **Appendix 1-A** for a listing of the 138 entries.

During Duff & Phelps's discussions with Barclays and A&M controllers, Duff & Phelps noted that majority of the manual journal entries discussed fell into the following four categories:

1. Reclassification entries - These entries represent entries made on a monthly basis to reclassify amounts to the proper accounts such as payables and receivables or various types of inventory by financial instrument. Duff & Phelps understands that a number of systems were automatically posting entries onto the one control account without proper segregation between payables and receivables, or breakdown of inventory by financial instrument. As a result, for financial reporting purposes, these net balances from control accounts were reclassified to proper accounts on a monthly basis via manual journal entries.
2. Manual entries to compensate for a system not in place at the time of the entry - There were a number of accounting systems that were either not in place or did not have an automatic feed into the general ledger system at the time of the posting. For example, the GFS system, which incorporates a consolidation of trade level information from multiple middle office and settlement systems, did not have an automatic interface with the general ledger system until May 2008. As a result, controllers were posting certain derivatives activity entries manually, including posting collateral payables and receivables as a result of

<sup>1</sup> Duff & Phelps relied on the People Finder database provided by Barclays to identify the location of the former Lehman controllers' groups' employees identified by A&M. See **Appendix 1-A** for a listing of each contact and their present employer.

trading activity. Additionally, accounting systems for a number of foreign subsidiaries (*e.g.*, Lehman Brazilian entities) were not integrated with the corporate general ledger. As a result, monthly activities for these subsidiaries were summarized on excel spreadsheets and recorded on a summary basis manually.

3. Corrections of Incorrect Postings - Occasionally certain detailed information from subsystems was determined to be incorrectly processed during the monthly reconciliation process. As a result, controllers reversed system postings and posted the correction manually.
4. Posting and Reversals of Accruals - Entries related to the monthly posting and reversal of accrued items, such as unpaid interest. It is Duff & Phelps's understanding that there were no automatic postings for these accruals; as a result they were performed manually.

Based on these discussions with Barclays and A&M controllers, none of the 18 manual journal entries discussed appear to present potentially avoidable activity.

## **Conclusion**

Based upon discussions with relevant knowledgeable personnel from A&M, a detailed analysis of each of the selected journal entries would not be feasible in the allotted timeframe. Given the timing and the costs associated with this analysis, it was determined that completion of this analysis would not be a prudent use of the Estate's resources. Duff & Phelps finds that sufficient analyses have been performed via the cash disbursements analysis, the APB trade analysis, and the pledged collateral accounts analysis to address the issue of third party avoidance without the completion of the general ledger approach. However, for reference, the following table presents the selected journal entries.

**Appendix 1-A – Details of the 138 Journal Entries Identified for Further Review<sup>2</sup>**

Count	D&P ID	Journal Entry ID	Geography	Entry Count
1	2	NANFXDWT74	New York	28
2	4	NANMTSAF21	New York	16
3	5	NANFXDSI19	New York	5
4	6	NANFXDKN65	New York	12
5	7	NANMTSAL60	New York	9
6	8	MUMMTSAK21	Mumbai	4
7	10	MUMMTSJF21	Mumbai	9
8	12	NANFXDAS58	New York	6
9	16	NANEQULL27	New York	6
10	17	LONFTADJ09	London	11
11	26	MUMLECNN01	Mumbai	1
12	27	NANFXDSA06	New York	13
13	30	LONFTADJ08	London	2
14	41	NANFXDMM11	New York	3
15	48	NANFINJR32	New York	3
16	51	LONFTAJS09	London	3
17	55	NANEQUGP34	New York	2
18	56	NANEQUGP38	New York	2
19	58	NANEQUGP40	New York	2
20	59	NANCOMSC60	New York	13
21	60	NANMTSAF22	New York	6
22	62	NANEQULL10	New York	6
23	64	LONESPPZ05	London	4
24	72	NANFXDSI06	New York	1
25	76	UTTKTKOAC10	Hong Kong/Tokyo	3
26	78	LONEQDSA09	London	12
27	85	NANFXDHZ35	New York	3
28	86	NANEQUGP23	New York	3
29	87	NANREGAK58	New York	17
30	89	LONEQDSA11	London	5
31	92	NANFXDSA72	New York	3
32	93	LONESPPZ09	London	4
33	94	NANBNCLC01	Irvine	9
34	98	NANEQUGP36	New York	3
35	99	NANFXDSA40	New York	15
36	80	MUMLECNN09	Mumbai	2
37	105	NANMTSAF20	New York/New York	11
38	125	UTTKTKOSY11	Tokyo	3
39	126	NANEQUGP27	New York	1
40	129	ZURFRPJS12	Zurich	1
41	134	LONESPPZ01	London	1
42	135	NANFINJR16	New York	1
43	138	LONESPPZ10	London	1
44	149	NANFXDMM05	New York	1
45	150	LONEQDSA07	London	4
46	155	NANCONLG96	New York	2

<sup>2</sup> Lehman repeated their use of Journal Entry ID Numbers for multiple, different manual accounting entries. As a result, Duff & Phelps's analysis required an examination of the entire "pool of accounting adjustments" represented by a single Journal Entry ID Number. The number of accounting entries included in the Journal Entry ID Number is presented below in the column titled, "Number of Entries in Pool."

**Appendix 1-A – Details of the 138 Journal Entries Identified for Further Review (continued)**

Count	D&P ID	Journal Entry ID	Geography	Entry Count
47	161	NANFXDMG45	New York	3
48	166	NANEQUCC08	New York	1
49	176	NANFINJR17	New York	1
50	178	UTKTKOAC8	Hong Kong/Hong K	2
51	180	LONFTADG03	London	1
52	187	LONEQDSA08	London	2
53	190	LONEQDSA01	London	1
54	191	LONEQDSA05	London	3
55	192	NANFXDSA30	New York	14
56	193	LONFTADG27	London	6
57	194	LONEQDSA06	London	2
58	196	NANFXDAL91	New York	6
59	197	NANENERGK2	New York	13
60	202	NANEQUGP33	New York	2
61	203	LONFTAJS08	London	1
62	207	NANCONLG95	New York	1
63	210	NANFXDAL99	New York	2
64	213	NANFXDAL95	New York	1
65	214	LONEQDSA04	London	2
66	216	ZURFRPJS03	Zurich	1
67	217	NANEQUCS01	New York	1
68	218	ZURFRPJS09	Zurich	2
69	219	NANCOMJD60	New York	1
70	232	MUMMTSMM01	Mumbai/Mumbai	9
71	233	NANCONHS04	New York	1
72	234	NANMTSAF50	New York	4
73	235	ZURFRPJS02	Zurich	2
74	237	NANCDOCL01	New York/New York/	26
75	238	NANEQUGP44	New York	2
76	239	NANEQUCC30	New York	1
77	240	NANFIDJM04	New York	2
78	241	NANCONCZ11	New York	19
79	242	LONEQDSA03	London	1
80	247	NANFXDJR52	New York	6
81	248	LONEQDSA02	London	7
82	250	NANFIDFL10	New York	1
83	251	NANCONCZ03	New York	5
84	252	NANEQUMG52	New York	1
85	255	NANFIDJM10	New York	2
86	259	NANENERGK1	New York	16
87	261	NANCONCZ05	New York	26
88	267	UTKCASHM11	Tokyo	17
89	274	UTKOJNLH01	Tokyo	1
90	282	NANCONCZ06	New York	17
91	285	NANEQUULL26	New York	1
92	294	NANEQUCC70	New York	1

**Appendix 1-A – Details of the 138 Journal Entries Identified for Further Review (continued)**

Count	D&P ID	Journal Entry ID	Geography	Entry Count
93	300	NANMTGM W 08	New York	1
94	305	NA NEQUJN53	New York	1
95	308	NANEQULL01	New York	6
96	310	NANFIDJM02	New York	2
97	314	MUMFXDRM12	Mumbai/Mumbai/Ne	5
98	319	NANFXDSI15	New York	2
99	321	NANCONRL21	New York	6
100	324	NANFINTT01	New York	64
101	327	LONEQDNC01	London	1
102	328	NANCONCZ12	New York	20
103	344	NANFINJR13	New York	1
104	345	NANCONCZ09	New York	4
105	347	NANFXDAA01	New York	1
106	357	NANFIDJM03	New York	2
107	358	NANFXDAL30	New York	1
108	360	UTKTKOAC12	Hong Kong	1
109	366	NANTSYHC11	New York	1
110	368	NANEQUGF20	New York	1
111	369	NANMTSJZ03	New York	3
112	370	NANFINJR22	New York	1
113	371	NANTSYGF33	New York	1
114	373	NANCONLG99	New York	1
115	374	NANFXDSI05	New York	6
116	383	NANCONCZ02	New York	21
117	387	NANCONCZ01	New York	22
118	389	NANFXDMG25	New York	3
119	392	NANCONRL24	New York	5
120	397	NANFIDJM05	New York/New York	3
121	398	NANEQULL15	New York	7
122	401	NANFXDMM06	New York	1
123	406	NANTSYGY03	New York	1
124	416	NANFINAS10	New York	1
125	417	MUMFXDRM17	Mumbai	1
126	430	UTKTKOSY08	Tokyo	5
127	439	NANTSYYM63	New York	1
128	441	NANFXDSI02	New York	1
129	446	UTKTKOSY01	Tokyo	3
130	449	NANFIDJM01	New York	2
131	451	UTKTKOSY02	Tokyo	1
132	466	NANFXDSI12	New York	2
133	467	NANFIDJM09	New York/New York	5
134	468	NANFXDMM02	New York	1
135	482	LONEQDRI10	London/London	2
136	487	NANCONCZ10	New York	20
137	493	NANFINJR05	New York	2
138	Interco	NANFXDSI20	New York	1
Total				752

**Exhibit 2 - Cash Disbursements Review Summary**

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## EXHIBIT 2

**SUBJECT:** Findings: Review of Statement of Financial Affairs Filings – Schedules 3b “Payments to Creditors” (“SOFA Schedules 3b”) as part of the Avoidance Analysis

### I. Executive Summary

Duff & Phelps LLC (“Duff & Phelps”) identified 416 payments which represent potentially significant avoidable transactions. Of these payments, Duff & Phelps believes that 192 of the selected transfers may be safe-harbored, as there is evidence that these payments pertain to either repo transactions (51) or derivative payments (141). The remaining selected payments (224) remain unsolved; resolution would require assistance from A&M.

### II. Background

#### SOFA Schedules 3b Filings

Duff & Phelps has obtained and analyzed the Statement of Financial Affairs Filings Schedules 3b “Payments to Creditors” (“SOFA Schedules 3b”) for 12 Lehman Debtor Entities<sup>1</sup> that filed such a statement. Duff & Phelps, in close cooperation with the Examiner, applied various criteria to the SOFA Schedules 3b payments to identify the payments most likely to represent significant, avoidable transactions. The findings of our analysis are presented in this exhibit.

The SOFA Schedules 3b provides a listing of vendor payments for the period June 17, 2008 through April 21, 2009 for the following Lehman entities:

1. Lehman Brothers Commercial Corporation (“LBCC”)
2. Lehman Brothers Commodity Services (“LBCS”)
3. Lehman Brothers Derivative Products Inc. (“LBDP”)
4. Lehman Brother Financial Products Inc. (“LBFP”)
5. Lehman Brothers Holdings Inc. (“LBHI”)
6. LB Rose Ranch LLC (“LBRose”)
7. Lehman Commercial Paper Inc. (“LCPI”)
8. Lehman Brothers Special Financing Inc. (“LBSF”)
9. LB2080 Kalakaua Owners LLC (“LB2080”)
10. LB745 LLC (“LB745”)
11. Lehman Brothers OTC Derivatives Inc. (“LBOTC”)
12. BNC Mortgage LLC (“BNC”)

#### Sources of SOFA Schedules 3b Payment Data

A&M provided Duff & Phelps with data regarding the SOFA Schedules 3b filings for the aforementioned entities, primarily consisting of payment information recorded in Lehman’s Global Cash and Collateral Management legacy system (“GCCM”).<sup>2</sup> GCCM was an integrated global cash and liquidity

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<sup>1</sup> Declaration of Patrick J. Trostle in Support of Examiner’s Application to Retain Jenner & Block LLP, at p. 2, Ex. B, Docket No. 2627, *In re Lehman Brothers Holdings, Inc.*, No. 08-13555 (Bankr. S.D.N.Y. Sept. 18, 2008).

<sup>2</sup> Memorandum of Conference between Steven Kotarba and Mark Zeiss, Alvarez & Marsal, Ekaterina Timaeva and Orie Attas, Duff & Phelps, and John Tousto, LBHI (Oct. 7, 2009), at p. 1.

management platform that utilizes an in-house bank structure to centralize, automate, and standardize cash flow. Duff & Phelps understands that data contained within GCCM are the most comprehensive source for Lehman's cash inflows and outflows.

However, A&M has not completed reconciling the data in GCCM to independent account statements, which may result in the identification of additional payments. No estimated time of completion for this reconciliation was provided.<sup>3</sup>

#### Potential Missing Payments from SOFA Schedules 3b

Subsequent to the issuance of the SOFA Schedules 3b filings, A&M identified certain payments that would have been included in the SOFA Schedules 3b filings were it not for incomplete information available to A&M at the time the SOFA Schedules 3b was compiled.<sup>4</sup>

To identify additional payments for further investigation, Duff & Phelps has obtained A&M's preliminary determination of "missing" payments and applied the same criteria as applied to the payments presented in the SOFA Schedules 3b filings. As a result, Duff & Phelps's selection of payments includes transfers that are not presented in the SOFA Schedules 3b.

It is Duff & Phelps's understanding that these payments are potentially "missing" due to incomplete information used by A&M for compilation of SOFA Schedules 3b, which A&M has sorted into the following three categories:

##### *1. Missing beneficiary information*

- The payment extracts utilized for selection of payments for SOFA Schedules 3b did not provide beneficiary information for some wires, which may have resulted in payments that were inappropriately excluded from SOFA Schedules 3b. Approximately \$33 billion of payments have been omitted from SOFA Schedules 3b due to this issue of missing beneficiary data.
- Duff & Phelps received and analyzed the payment data for the approximately \$33 billion of payments referenced above that may have been inappropriately omitted from SOFA Schedules 3b.<sup>5</sup>
- Duff & Phelps identified nine (9) additional payments based upon the same selection protocol applied to the SOFA Schedules 3b. Refer to **Appendix 2-E** for detail related to these additional selections.

##### *2. Missing direct payments*

- There were instances where GCCM had not recorded all payments (*e.g.* direct debits for debt buyback).<sup>6</sup>
- Duff & Phelps did not receive sufficient information related to the details of payments related to the payments not recorded in GCCM, and as a result, potentially omitted from SOFA

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<sup>3</sup> *Id.* at 2.

<sup>4</sup> *Id.* at 1.

<sup>5</sup> GCCMAdditionalPayeesReport 2009-10-21v1.xls from Lauren Sheridan, Alvarez & Marsal, to Heather D. McArn, Jenner & Block (Oct. 21, 2009) [LBEX-AM 332124 - LBEX-AM 332369].

<sup>6</sup> Bank statements were not available to reconcile with GCCM data in order to identify any payments not captured within GCCM and to determine whether these payments should have been included in the SOFA Schedules 3b.

Schedules 3b.

3. *PeopleSoft Accounts Payable*

- It is Duff & Phelps's understanding that the SOFA Schedules 3b were prepared based on payment date.<sup>7</sup>
- Existence of a number of payments without bank clearance dates was discovered, which may represent voided checks or checks that did not clear (indicating that the payment may not have actually been made).
- Clarification of the payment date may have an impact on the preferences analysis conclusions for these payments.
- A&M has learned that some LBI payments were allocated to other Debtor Entities in a subsequent accounting process and not within PeopleSoft. A&M was not able to provide Duff & Phelps with an estimate of potential missing payments related to the PeopleSoft accounts payable issues.

LBI payments on behalf of debtor entities

Certain payments were made by Lehman Brothers Inc (“LBI”) on behalf of other Debtor Entities. These payments were recorded in GCCM as LBI payments, since LBI technically made the payments. In these cases, GCCM data does not provide a complete picture regarding which entity substantively made the payment. Accordingly, GCCM payment data was supplemented by payment data recorded in the PeopleSoft Accounts Payable module (“PeopleSoft”).<sup>8</sup>

Reliance on A&M

A&M was tasked to perform a preference analysis of the vendor payments presented in the SOFA Schedules 3b. The Examiner requested that Duff & Phelps perform supplementary procedures to analyze these payments. Duff & Phelps requested supporting documentation for selected payments from A&M.

**III. Procedures Overview**

Vetting the data

To verify the accuracy and completeness of the information presented in SOFA Schedules 3b, Duff & Phelps performed the following procedures:

1. Reconciled all documents received to the original related filings.<sup>9</sup>
2. Conducted existence and completeness testing by agreeing selected payments recorded in SOFA Schedules 3b to the information recorded in GCCM, and vice versa, on a sample basis.
3. Participated in discussions with A&M to determine potential categories of missing payments in the SOFA Schedules 3b.

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<sup>7</sup> Payment date is the date on which the payment is recorded as being made in PeopleSoft. Bank clearance date is the date on which the payment actually clears the respective bank and is recorded by the bank as being transferred out. A&M is performing its preferences analysis based on bank clearance date.

<sup>8</sup> Memorandum of Conference between Steven Kotarba and Mark Zeiss, Alvarez & Marsal, Ekaterina Timaeva and Orie Attas, Duff & Phelps, and John Tousto, LBHI (Oct. 7, 2009), at p. 2.

<sup>9</sup> Statement of Financial Affairs of Lehman Brothers Holdings, Inc., attached SOFA 3b Rider, Docket No. 3092, *In re Lehman Brothers Holdings, Inc.*, No. 08-13555 (Bankr. S.D.N.Y. Sept. 18, 2008).

### *1. Reconciliation between A&M-prepared database and SOFA Schedules 3b filings*

Duff & Phelps received from A&M the source schedules (in the form of Excel spreadsheets) prepared by A&M, which contains details of the riders attached to the SOFA Schedules 3b filings. Duff & Phelps summarized A&M's 3<sup>rd</sup> party payment activity data. Duff & Phelps also reconciled amounts from A&M's Excel detail of the SOFA Schedules 3b to the actual SOFA Schedules 3b. No discrepancies were noted.

### *2. Sample testing of selected payments for existence and completeness*

To evaluate the existence of the payments included in the SOFA Schedules 3b, Duff & Phelps selected a sample of payments from the SOFA Schedules 3b and reconciled them to information recorded in GCCM. Eight payments presented in SOFA Schedules 3b were selected for testing. Duff & Phelps's initial sample included the five largest payments across all entities. The sample was later expanded to include an additional three items to mitigate the fact that the initial sample was comprised entirely of payments to "Broker Dealer Dept 4004," which appears to be a LBI account (Duff & Phelps noted that many of these payments are described in GCCM as being "tri-party"<sup>10</sup> transactions). As a result, Duff & Phelps has tested the three largest payments to "Broker Dealer Dept 4004" and expanded the sample to the additional five largest payments to creditors. Duff & Phelps has reconciled all of the selected payments to GCCM without exception. Refer to the **Appendix 2-A** for the results of the testing.

Additionally, to evaluate the completeness of the SOFA Schedules 3b, Duff & Phelps selected a sample of 15 payments from the GCCM system (including the three largest payments made by each entity made on September 12, 2008) and reconciled them to the SOFA Schedules 3b. Duff & Phelps's search was limited to US dollar payment transactions with a "Settled" status on the selected date. Five of the selected transactions appeared to be intercompany transactions and one related to a transaction where funds were moved within the same entity (*i.e.* "intra-company"). Duff & Phelps concluded that these transactions were appropriately excluded from the SOFA Schedules 3b. The other nine selections were successfully reconciled to the SOFA Schedules 3b. Refer to **Appendix 2-B** for the results of these procedures.

### *3. Analysis of SOFA Schedules 3b payments*

Duff & Phelps summarized the SOFA Schedules 3b, using data provided by A&M. Duff & Phelps then analyzed the payments presented in SOFA Schedules 3b for the twelve Lehman entities, which total 67,734 payments of over \$326 billion.

#### Organizing the data

Duff & Phelps segmented the payment data as a step in identifying payments which represent potentially significant avoidable transactions. The following table represents the summary of payments by legal entity:

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<sup>10</sup> Per A&M, tri-party agreements represent reverse repo tri-party trades between LBHI and LBI. The transactions are from LBHI's perspective showing cash moving from LBHI to LBI's tri-party cash clearing account at JPMorgan. These trades were overnight trades and the cash (principal plus interest) would have been transferred back to LBHI the next day. These trades were typical trades the Treasury Funding Desk would have executed as a way for investing excess cash at LBHI.

**Table 1 – Summary of Payments by Debtor Entity<sup>11</sup>**

<b>Lehman Entities</b>	<b>Total Payments</b>	<b>% of Total</b>	<b>Total # of Transactions</b>	<b>% of Total</b>
LBHI	\$ 262,954,474,705	80.6%	4,817	7.1%
LBSF	42,870,423,783	13.1%	24,142	35.6%
LCPI	11,019,182,091	3.4%	36,098	53.3%
LBCS	5,713,713,329	1.8%	1,971	2.9%
LBOTC	3,583,019,387	1.1%	378	0.6%
LBDP	21,579,798	0.0%	139	0.2%
LB745	14,649,352	0.0%	34	0.1%
BNC	2,898,017	0.0%	71	0.1%
LBRose	953,609	0.0%	42	0.1%
LB2080	567,972	0.0%	21	0.0%
LBFP	212,537	0.0%	9	0.0%
LBCC	139,376	0.0%	12	0.0%
<b>Total</b>	<b>\$ 326,181,813,958</b>	<b>100.0%</b>	<b>67,734</b>	<b>100.0%</b>

The population of payments presented on the SOFA Schedules 3b can be segmented into the following categories by dollar amount of payments:

**Table 2 – Payment Segmented by Dollar Volume<sup>12</sup>**

<b>Lehman Entities</b>	<b>Total Payments</b>	<b>% of Total</b>	<b>Total # of Transactions</b>	<b>% of Total</b>
<\$100M	\$ 60,059,866,447	18.4%	67,134	99.1%
\$100 M to \$249 M	37,436,412,187	11.5%	238	0.4%
\$250 M to \$499 M	65,849,728,189	20.2%	202	0.3%
\$500 M to \$999 M	67,927,234,776	20.8%	108	0.2%
≥\$1B	94,908,572,358	29.1%	52	0.1%
<b>Total</b>	<b>\$ 326,181,813,958</b>	<b>100.0%</b>	<b>67,734</b>	<b>100.0%</b>

#### Selecting payments

Noting the significant number of transactions and the inherent limitations of reviewing all of the payments, Duff & Phelps worked closely with the Examiner to develop a sample of SOFA Schedules 3b payments to review. Under the Examiner’s direction, Duff & Phelps identified three payment categories of interest:

1. “Counterparties”
  - Payments made to counterparties which satisfy one of the following criteria: (1) is a major bank/clearing house, (2) conducts a significant volume of trades, (3) involved in transactions

<sup>11</sup> LehmanSOFA3bRiderExcelVersionLOTC.xls from Mark Zeiss, Alvarez & Marsal, to Ekaterina Timaeva, Duff & Phelps (Oct. 23, 2009) [LBEX-AM 313491 – LBEX-AM 318455]; LehmanSOFA3bRiderExcelVersion.xls from Lauren Sheridan, Alvarez & Marsal, to Heather D. McArn, Jenner & Block (Aug. 20, 2009) [LBEX-AM 313491 - LBEX-AM 318455].

<sup>12</sup> LehmanSOFA3bRiderExcelVersionLOTC.xls from Mark Zeiss, Alvarez & Marsal, to Ekaterina Timaeva, Duff & Phelps (Oct. 23, 2009) [LBEX-AM 313491 – LBEX-AM 318455]; LehmanSOFA3bRiderExcelVersion.xls from Lauren Sheridan, Alvarez & Marsal, to Heather D. McArn, Jenner & Block (Aug. 20, 2009) [LBEX-AM 313491 - LBEX-AM 318455].

with illiquid assets.<sup>13</sup> There were 13 such counterparties.

2. **“Noted Parties”**

Payments to creditors with interesting or unusual names that may have lacked clarity (e.g. “ATTN FUNDS MANAGEMENT”) and that received \$1 billion or more in total payments during the period reflected in the SOFA Schedules 3b.<sup>14</sup>

3. **“Other Parties”**

- Payments to six creditors that do not fall under the “Counterparties” or “Noted Parties” criteria were selected because the term “collateral” was included in the creditor’s name. These selections were not subject to a payment amount threshold.

*Separate evaluation of BNC payments*

BNC payments were not included in the data provided by A&M because the BNC-related filings were prepared using other “manual processes” that were not consistent with the other SOFA Schedules 3b.<sup>15</sup> Duff & Phelps assessed the actual SOFA Schedules 3b filings to determine the magnitude of payments made by BNC. Total payments included in the SOFA Schedules 3b were \$2.9 million, with the largest payment of approximately \$968,000. Duff & Phelps noted that there were no payments to “Counterparties,” “Noted Parties” or “Other Parties” (as defined below). As such, Duff & Phelps excluded BNC from any further analysis.

The following table represents the breakdown of payments by amount within the three categories of payments described above:

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<sup>13</sup> The twelve original Counterparties under this analysis were Federal Reserve, Bank of America, JPMorgan, Citi, HSBC, Bank of New York, One William Street, BlackRock, Stark, Blue Mountain, Fortress and R3. At the Examiner’s request, Duff & Phelps later analyzed payments made to Standard Bank.

<sup>14</sup> “Noted parties” excludes creditors previously selected in the “Counterparty” category described above.

<sup>15</sup> Memorandum of Conference between Mark Zeiss, Alvarez & Marsal, and Ekaterina Timaeva and Orie Attas, Duff & Phelps (Oct. 23, 2009), at p. 1.

**Table 3 – Selected Payments Segmented by Dollar Volume<sup>16</sup>**

Category *	Payments	% of Total	Total # of Transactions	% of Total
<b>Counterparties</b>				
<\$100M	\$ 8,909,756,287	20.8%	4,705	97.9%
\$100 M to \$249 M	6,868,555,732	16.0%	47	1.0%
\$250 M to \$499 M	10,248,891,232	23.9%	31	0.6%
\$500 M to \$999 M	14,700,000,000	34.2%	23	0.5%
≥\$1B	2,200,000,000	5.1%	2	0.0%
<b>Total for Counterparties</b>	<b>\$ 42,927,203,250</b>	<b>100.0%</b>	<b>4,808</b>	<b>100.0%</b>
<b>Noted Parties</b>				
<\$100M	\$ 906,482,299	0.7%	1,158	87.3%
\$100 M to \$249 M	8,706,242,385	7.1%	52	3.9%
\$250 M to \$499 M	16,041,329,333	13.1%	51	3.8%
\$500 M to \$999 M	18,705,666,291	15.2%	27	2.0%
≥\$1B	78,412,830,083	63.9%	38	2.9%
<b>Total for Noted Parties</b>	<b>\$ 122,772,550,391</b>	<b>100.0%</b>	<b>1,326</b>	<b>100.0%</b>
<b>Other Parties</b>				
<\$100M	\$ 785,694,593	74.2%	135	99.3%
\$100 M to \$249 M	-	0.0%	-	0.0%
\$250 M to \$499 M	273,300,000	25.8%	1	0.7%
\$500 M to \$999 M	-	0.0%	-	0.0%
≥\$1B	-	0.0%	-	0.0%
<b>Total for Other Parties</b>	<b>\$ 1,058,994,593</b>	<b>100.0%</b>	<b>136</b>	<b>100.0%</b>
<b>Total All Categories *</b>	<b>\$ 166,758,748,234</b>		<b>6,270</b>	
<b>Total SOFA 3b</b>	<b>\$ 326,181,813,958</b>		<b>67,734</b>	
<b>All Categories as a % of SOFA 3b</b>		<b>51.1%</b>		<b>9.3%</b>

\* Excludes BNC as discussed above.

Duff & Phelps selected all individual payments equal to or greater than \$100 million to/from the “Counterparties” and “Noted Parties” categories, and all payments in the “Other Parties” category, for further review.

These selection criteria resulted in a sample of 416 payments, including 103 payments to “Counterparties,” 168 payments to “Noted Parties,” 136 payments to “Other Parties,” and nine (9) payments not presented on the SOFA Schedules 3b. The total amount of payments selected for further review was approximately \$159 billion.

<sup>16</sup> LehmanSOFA3bRiderExcelVersionLOTC.xls from Mark Zeiss, Alvarez & Marsal, to Ekaterina Timaeva, Duff & Phelps (Oct. 23, 2009) [LBEX-AM 313491 – LBEX-AM 318455]; LehmanSOFA3bRiderExcelVersion.xls from Lauren Sheridan, Alvarez & Marsal, to Heather D. McArn, Jenner & Block (Aug. 20, 2009) [LBEX-AM 313491 - LBEX-AM 318455].

### Summary of selected payments

The following table summarizes the related selections from the SOFA Schedules 3b and other identified payments that were not included on the SOFA Schedules 3b:

**Table 4 – Trades Identified for Further Analysis**

Category	Payments	# of Payments
Total Counterparties	\$ 34,017,446,964	103
Total Noted Parties	121,866,068,092	168
Total Other Parties	1,058,994,593	136
<b>Grand Total - SOFA 3b Payments Selected for Analysis *</b>	<b>\$ 156,942,509,648</b>	<b>407</b>
Grand Total - All SOFA 3b Payments	\$ 326,181,813,958	67,734
Payments Selected for Analysis as a Percent of All SOFA 3b Payments	48.1%	0.6%
<b>Total Additional Payments not on SOFA 3b</b>	<b>\$ 2,648,321,517</b>	<b>9</b>
<b>Grand Total - All Payments Selected for Analysis *</b>	<b>\$ 159,590,831,166</b>	<b>416</b>

\* Excludes BNC as discussed below.

Refer to **Appendix 2-C** for a summary of payments selected for analysis by vendor and category and **Appendix 2-D & Appendix 2-E** for a detailed listing of payments selected for analysis.

### Support for selected payments

Duff & Phelps requested of A&M, but given the Examiner's timeframe did not receive, supporting documentation for each selected payment. However, with the assistance of A&M, Duff & Phelps identified the Lehman cash settlement system utilized to transact each selected payment. This was significant for two reasons: (1) the source system provides an indication of the "type" of payment involved (*e.g.* intercompany funding, trade settlement, loan payments, etc.), and (2) the source system provides the transaction reference information required to gather further supporting documentation.

This information was useful in further eliminating payment types that are not likely avoidable. A summary of the selected payments sorted by the corresponding settlement system associated with the payments follows.

**Table 5 – Summary of Source Systems for SOFA Schedules 3b Payments Selected for Further Analysis**<sup>17</sup>

Note	Source System	# of Payments	Amount
1	MANPMT	68	\$ 88,132,917,803
2	TWS	205	66,632,012,015
3	ASAP	141	4,564,029,941
4	LOANIQ	2	261,871,407
	<b>Total</b>	<b>416</b>	<b>\$ 159,590,831,166</b>

<sup>17</sup> Examiner selection v2.xls from Lauren Sheridan, Alvarez & Marsal, to Heather D. McArn, Jenner & Block (Nov. 9, 2009) [LBEX-AM 340297 - LBEX-AM 340310].

1. **MANPMT**

- These payments represent manual payments that were entered into GCCM directly.
- Duff & Phelps noted that 51 of the 68 payments with “MANPMT” identified as the source system were payments to “Broker Dealer Dept 4004” (listed as “Lehman Brothers Inc.” on the SOFA Schedules 3b for LBHI and LBOTC). Per discussion with A&M, payments to “Lehman Brothers Inc.” represent reverse repo tri-party trades. Duff & Phelps requested A&M to review all 51 payments individually to confirm that all payments to “Lehman Brothers Inc.” represent reverse repo tri-party trades as described above. Transfers associated with this type of activity are likely subject to safe harbor provisions.
- However, no further information or clarifications related to these payments were provided by A&M.
- Outside of the aforementioned 51 transfers, insufficient data exist to determine if activity captured via manual payments within GCCM are subject to safe harbor provisions.

2. **TWS**

- Treasury Work Station (“TWS”) is the system of record for Lehman’s debt issuance, interest rate swaps to hedge interest rate risk, and trades related to the investment of the firm’s excess liquidity.<sup>18</sup>
- Insufficient data exist to determine if activity captured in the TWS settlement system are subject to safe harbor provisions.

3. **ASAP**

- Automated Settlement and Payments (“ASAP”) is an operational system that provides settlement and payments for fixed income and equity derivatives.
- Activity captured in the ASAP settlement system appear likely to be subject to safe harbor provisions.

4. **LOANIQ**

- A vendor supplied tool that covers the lifecycle of loan investments and syndication from origination and deal tracking to administration and record maintenance.
- Insufficient data exist to determine if activity captured in the LOANIQ settlement system are subject to safe harbor provisions.

**IV. Findings**

192 of the selected transfers may be safe-harbored as there is evidence that these payments pertain to either repo transactions (51) or derivative payments (141). The remaining selected payments (224) remain unsolved.

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<sup>18</sup> E-mail from Lauren Sheridan, Alvarez & Marsal, to Heather D. McArn, Jenner & Block (Nov. 23, 2009).

## Appendix 2-A – SOFA Schedules 3b Testing Selections and Results

The following table presents Duff & Phelps's sample of payments from the SOFA Schedules 3b filings that were traced back to the GCCM system. This procedure was conducted to vet the accuracy of the payment data included in the SOFA Schedules 3b filings.

Creditor #	Creditor Name	Check/Wire#	Payment			Legal Entity	Traced to GCCM
			Date	Amount Paid	Vendor ID		
2956	Lehman Brothers Inc.	S0681821EBE601	6/30/2008	\$ 7,000,000,000.00	CMS_WIRE_PAYEE_01688	LBHI	Yes
2956	Lehman Brothers Inc.	S068182247FB01	6/30/2008	5,000,000,000.00	CMS_WIRE_PAYEE_01688	LBHI	Yes
2956	Lehman Brothers Inc.	S068242190BC01	8/29/2008	5,000,000,000.00	CMS_WIRE_PAYEE_01688	LBHI	Yes
968	CHESAPEAKE ENERGY CORPORATION	S0681970EFBE01	7/15/2008	1,586,361,719.00	CMS_WIRE_PAYEE_02126	LBHI	Yes
5342	WELLS FARGO	S06817816CC001	6/26/2008	1,500,000,000.00	CMS_WIRE_PAYEE_11517	LBHI	Yes
5342	WELLS FARGO	S0681791846F01	6/27/2008	1,500,000,000.00	CMS_WIRE_PAYEE_11517	LBHI	Yes
5455	XTO Energy Inc	S068211100F401	7/29/2008	1,207,440,000.00	CMS_WIRE_PAYEE_11747	LBHI	Yes
443	BANK OF AMERICA CHARLOTTE	S0682271619F01	8/14/2008	1,200,000,000.00	CMS_WIRE_PAYEE_01032	LBHI	Yes

## Appendix 2-B – GCCM Testing Selections and Results

The following table presents Duff & Phelps's sample of payments from the GCCM system that were traced back to the SOFA Schedules 3b filings. This procedure was conducted to vet the completeness of the payment data included in the SOFA Schedules 3b filings.

GCCM Id	Value	CCY	Amount	Internal	Status	In-House A/C	Source	Nostro A/C	Agent Bank	Entity	Check/Wire #	Agreed to SOFA	Comments
D00005558979	2008-09-12	USD	\$(130,250,000.00)	N	SETTLED	10005912100V	ASAP	20005901100C	JPM Chase NY	LBSF	0884900256JS	Yes	
D00005555957	2008-09-12	USD	(100,000,000.00)	N	SETTLED	10004511101M	LOANIQ	20009900101W	Citibank NY	LCPI	S0682561448301	Yes	
D00005558588	2008-09-12	USD	(98,125,399.89)	N	SETTLED	10005912100V	ASAP	20005901100C	JPM Chase NY	LBSF	0884400256JS	Yes	
D00005558906	2008-09-12	USD	(97,952,000.00)	N	SETTLED	10005912100V	ASAP	20005901100C	JPM Chase NY	LBSF	0884800256JS	Yes	
D00005558459	2008-09-12	USD	(30,000,000.00)	N	SETTLED	10004511101M	LOANIQ	20009900101W	Citibank NY	LCPI	S068256135EB01	Yes	
D00005558460	2008-09-12	USD	(30,000,000.00)	Y	SETTLED	10004511102K	LOANIQ	10004511101M		LCPI		No	A
D00005559165	2008-09-12	USD	(18,000,000.00)	N	SETTLED	100C1112002M	ASAP	200C1101001M	JPM Chase NY	LBCS	0807000256JS	Yes	
D00005554616	2008-09-12	USD	(11,000,000.00)	N	SETTLED	100C1112002M	ASAP	200C1101001M	JPM Chase NY	LBCS	7574100256FS	Yes	
D00005558351	2008-09-12	USD	(417,325.42)	Y	SETTLED	100486120007	ASAP	10005912100V		LBDPI		No	A
D00005558007	2008-09-12	USD	(33,002.05)	N	SETTLED	100486120007	ASAP	200486010013	JPM Chase NY	LBDPI	0031600256JS	Yes	
D00005558006	2008-09-12	USD	(18,400.59)	N	SETTLED	100486120007	ASAP	200486010013	JPM Chase NY	LBDPI	0031400256JS	Yes	
D00005554627	2008-09-12	USD	(10,213,000.00)	N	SETTLED	100C1112002M	ASAP	200C1101001M	JPM Chase NY	LBCS		No	C
S00000224037	2008-09-12	USD	(900,000,000.00)	N	SETTLED	10009913100L	GCCM	20009900100Y	Citibank NY	LBHI		No	B
S00000224038	2008-09-12	USD	(900,000,000.00)	N	SETTLED	10009913100L	GCCM	20009900100Y	Citibank NY	LBHI		No	B
S00000224039	2008-09-12	USD	(900,000,000.00)	N	SETTLED	10009913100L	GCCM	20009900100Y	Citibank NY	LBHI		No	B

### Comments:

- A. This transaction appears to represent an intercompany transfer that should not be recorded on SOFA Schedules 3b.
- B. This transaction appears to be an intercompany trade w/ LBI. It is included in Duff & Phelps's Post Petition Cash Analysis.
- C. This transaction appears to be a trade related collateral payment with LBCS designated as the beneficiary (*i.e.* represents a transfer within the same entity).

**Appendix 2-C – Summary of Payments Selected from SOFA Schedules 3b Sorted by Vendor and Category<sup>19</sup>**

Creditor	Payments	# of Payments
<b>Counterparties *</b>		
1 FEDERAL RESERVE	\$ 15,648,000,000	56
2 BANK OF AMERICA	10,180,891,232	19
3 JPMC	6,189,569,248	20
4 HSBC	1,050,008,073	3
5 BANK OF NEW YORK	600,000,000	2
6 CITI	234,863,000	2
7 ONE WILLIAM STREET	114,115,411	1
<b>Total Counterparties</b>	<b>34,017,446,964</b>	<b>103</b>
<b>Noted Parties **</b>		
1 Lehman Brothers Inc.	\$ 83,135,225,058	51
2 RBS NY	3,900,000,000	6
3 DEUTSCHE BANK101 HUDSON STREET23RD FLOOR7302	3,250,000,000	7
4 ATTIN FUNDS MANAGEMENT	2,950,000,000	10
5 WATER FERRY	2,850,000,000	3
6 X	1,704,475,704	8
7 MUTUAL FUND SERVICES	1,675,000,000	7
8 MS INSTL LIQUIDITY FUNDS	1,650,000,000	9
9 DEUTSCHE TELEKOM INTL FINANCE B.V	1,494,425,500	2
10 dreyfus cash management plus fund/BNF/ DEALER 6036	1,480,000,000	5
11 COLUMBIA INSTITUTIONAL WIRE ACCT/BNF/COLUMBIA MM RESERVE-4000161655//FUND 231	1,450,000,000	5
12 DEXIA CREDIT LOCAL (NEW YORK)	1,113,000,000	4
13 DREYFUS CASH MGT/BNF/ DEALER 6036	1,100,000,000	3
14 CALYON	1,010,000,000	4
15 CORPORATE TRUST AND AGENCY GROUP	1,000,225,000	1
16 101 HUDSON STREET23RD FLOOR7302	1,000,000,000	2
17 DANSKE BANKE COPENHAGEN	1,000,000,000	2
18 CORPORATE TRUST CLEARING ACCT	970,151,830	1
19 WATERFERRY	950,000,000	1
20 RBS	900,000,000	2
21 COLUMBIA INSTITUTIONAL WIRE ACCT/BNF/NATIONS MUNI RESERVE//ACCT 4000161655 REF FUND 231	850,000,000	3
22 EDGEWIRE	815,000,000	4
23 M AND II101 HUDSON STREET23RD FLOOR7302	750,000,000	5
24 FAVOR NORDEA BANK CAYMAN	678,000,000	3
25 WATER FERRY/bnf/reserve liquidity performance money market	600,000,000	3
26 DREYFUS INSTL CASH ADV FUND/BNF/ DEALER 6036	550,000,000	2
27 FAVOR IBD TORONTO	500,000,000	2
28 M AND I	450,000,000	3
29 MS INSTL LIQUIDITY TRUST SUB ACCTREF LBHI	375,000,000	2
30 COLUMBIA INSTITUTIONAL WIRE ACCT/BNF/ NATIONS TAX EXEMPT RESERVE//ACCT 4000161655 REF FUND 231	300,000,000	1
31 DEXIA PARIS	300,000,000	1
32 EDGEWIRE/BNF/WATER FERRY ACT 91181//FUND 15 TFOF	300,000,000	1
33 DREYFUS TAX EXEMPT CASH FUND/BNF/DEALER 6036 ACT 5100031514	200,000,000	1
34 CORPORATE TRUST WIRE CLEARING	165,565,000	1
35 COLUMBIA INSTITUTIONAL WIRE ACC/BNF/CA TAX EXEMPT RESERVES//ACCT 4000161655 REF FUND 231	150,000,000	1
36 FAVOR GCI	150,000,000	1
37 MUTUAL FUNDS SRVCS/BNF/WATER FERRY ACT 23644//TEMP FUND	150,000,000	1
<b>Total Noted Parties</b>	<b>121,866,068,092</b>	<b>168</b>
<b>Other Parties</b>		
1 COLLATERAL	\$ 736,964,956	109
2 COLLATERAL PLEDGED LEHMAN BROTHERS SPECIAL FINANCING	273,300,000	1
3 COLLATERAL HELD	43,033,132	23
4 SWAP COLLATERAL	4,306,504	1
5 DERIVATIVE COLLATERAL	1,140,000	1
6 COLLAT	250,000	1
<b>Total Other Parties</b>	<b>1,058,994,593</b>	<b>136</b>
<b>Grand Total - SOFA 3b Payments Selected for Analysis ***</b>	<b>\$ 156,942,509,648</b>	<b>407</b>
<b>Grand Total - All SOFA 3b Payments</b>	<b>\$ 326,181,813,958</b>	<b>67,734</b>
<b>Payments Selected for Analysis as a Percent of All SOFA 3b Payments</b>		<b>48.1%</b> <b>0.6%</b>

<sup>19</sup> This table does not include the nine (9) selected payments that were not included in the SOFA Schedules 3b. See Appendix 2-E for corresponding detail.

**Appendix 2-C – Summary of Payments Selected from SOFA Schedules 3b Sorted by Vendor and Category (Continued)**

**Notes to schedule:**

\* Only 7 of the original 12 "Counterparties" had payments that met the selection criteria of payments greater than \$100M.

\*\* Several Creditor names were truncated for presentation purposes.

\*\*\* Excludes BNC as discussed above.

**Appendix 2-D – Detailed Listing of Payments Selected for further Analysis from SOFA Schedules 3b<sup>20</sup>**

Creditor			Check/Wire #	Payment Date	Amount Paid	Vendor ID	Legal Entity	
Category	#	Creditor Name						
1	Counter	1	021000021 - JP Morgan Chase,Y	S06821215FCD01	7/25/2008	111,871,407.13	CMS_WIRE_PAYEE_00025	LCPI
2	Counter	1	021000021 - JP Morgan Chase,Y	S06821910BD801	8/5/2008	150,000,000.00	CMS_WIRE_PAYEE_00025	LCPI
3	Noted	4	101 HUDSON STREET23RD FLOOR7302	S0682401535C01	8/27/2008	500,000,000.00	CMS_WIRE_PAYEE_00033	LBHI
4	Noted	4	101 HUDSON STREET23RD FLOOR7302	S0682411626001	8/28/2008	500,000,000.00	CMS_WIRE_PAYEE_00033	LBHI
5	Noted	359	ATTN FUNDS MANAGEMENT	S068170154C001	6/18/2008	300,000,000.00	CMS_WIRE_PAYEE_00852	LBHI
6	Noted	359	ATTN FUNDS MANAGEMENT	S06818317E5501	7/1/2008	300,000,000.00	CMS_WIRE_PAYEE_00852	LBHI
7	Noted	359	ATTN FUNDS MANAGEMENT	S06818417C5101	7/2/2008	300,000,000.00	CMS_WIRE_PAYEE_00852	LBHI
8	Noted	359	ATTN FUNDS MANAGEMENT	S068191142D501	7/9/2008	300,000,000.00	CMS_WIRE_PAYEE_00852	LBHI
9	Noted	359	ATTN FUNDS MANAGEMENT	S0681991657801	7/17/2008	250,000,000.00	CMS_WIRE_PAYEE_00852	LBHI
10	Noted	359	ATTN FUNDS MANAGEMENT	S06820514EF001	7/23/2008	300,000,000.00	CMS_WIRE_PAYEE_00852	LBHI
11	Noted	359	ATTN FUNDS MANAGEMENT	S06821015A2601	7/28/2008	300,000,000.00	CMS_WIRE_PAYEE_00852	LBHI
12	Noted	359	ATTN FUNDS MANAGEMENT	S0682251318F01	8/12/2008	300,000,000.00	CMS_WIRE_PAYEE_00852	LBHI
13	Noted	359	ATTN FUNDS MANAGEMENT	S0682321355F01	8/19/2008	300,000,000.00	CMS_WIRE_PAYEE_00852	LBHI
14	Noted	359	ATTN FUNDS MANAGEMENT	S0682331539701	8/20/2008	300,000,000.00	CMS_WIRE_PAYEE_00852	LBHI
15	Counter	443	BANK OF AMERICA CHARLOTTE	S068170154BC01	6/18/2008	200,000,000.00	CMS_WIRE_PAYEE_01032	LBHI
16	Counter	443	BANK OF AMERICA CHARLOTTE	S06819715F5201	7/15/2008	400,000,000.00	CMS_WIRE_PAYEE_01032	LBHI
17	Counter	443	BANK OF AMERICA CHARLOTTE	S06820716DA201	7/25/2008	700,000,000.00	CMS_WIRE_PAYEE_01032	LBHI
18	Counter	443	BANK OF AMERICA CHARLOTTE	S06821215C3601	7/30/2008	750,000,000.00	CMS_WIRE_PAYEE_01032	LBHI
19	Counter	443	BANK OF AMERICA CHARLOTTE	S0682131A5AD01	7/31/2008	200,000,000.00	CMS_WIRE_PAYEE_01032	LBHI
20	Counter	443	BANK OF AMERICA CHARLOTTE	S0682271619F01	8/14/2008	1,200,000,000.00	CMS_WIRE_PAYEE_01032	LBHI
21	Counter	443	BANK OF AMERICA CHARLOTTE	S0682321394501	8/19/2008	400,000,000.00	CMS_WIRE_PAYEE_01032	LBHI
22	Counter	443	BANK OF AMERICA CHARLOTTE	S068239152E901	8/26/2008	200,000,000.00	CMS_WIRE_PAYEE_01032	LBHI
23	Counter	443	BANK OF AMERICA CHARLOTTE	S068240158DE01	8/27/2008	800,000,000.00	CMS_WIRE_PAYEE_01032	LBHI
24	Counter	443	BANK OF AMERICA CHARLOTTE	S068241179A001	8/28/2008	600,000,000.00	CMS_WIRE_PAYEE_01032	LBHI
25	Counter	443	BANK OF AMERICA CHARLOTTE	S0682462803001	9/2/2008	400,000,000.00	CMS_WIRE_PAYEE_01032	LBHI
26	Counter	443	BANK OF AMERICA CHARLOTTE	S0682551753301	9/11/2008	800,000,000.00	CMS_WIRE_PAYEE_01032	LBHI
27	Counter	444	BANK OF AMERICA NA	S0682261432001	8/13/2008	450,000,000.00	CMS_WIRE_PAYEE_01034	LBHI
28	Counter	444	BANK OF AMERICA NA	S0682391476501	8/26/2008	500,000,000.00	CMS_WIRE_PAYEE_01034	LBHI
29	Counter	448	Bank of America, NA	8884900241JS	8/28/2008	334,581,000.00	CMS_WIRE_PAYEE_01043	LBSF
30	Counter	449	Bank of AmericaInterest Rate Derivative Sett	3339300242JS	8/29/2008	396,310,231.59	CMS_WIRE_PAYEE_01030	LBSF
31	Counter	450	BANK OF AMERICA CHARLOTTE	S068191138CA01	7/9/2008	500,000,000.00	CMS_WIRE_PAYEE_01045	LBHI
32	Counter	450	BANK OF AMERICA CHARLOTTE	S0682001393E01	7/18/2008	750,000,000.00	CMS_WIRE_PAYEE_01045	LBHI
33	Counter	450	BANK OF AMERICA CHARLOTTE	S0682471392901	9/3/2008	600,000,000.00	CMS_WIRE_PAYEE_01045	LBHI
34	Counter	462	BANK OF NEW YORK	S06819915FCF01	7/17/2008	300,000,000.00	CMS_WIRE_PAYEE_01065	LBHI
35	Counter	462	BANK OF NEW YORK	S0682391533A01	8/26/2008	300,000,000.00	CMS_WIRE_PAYEE_01065	LBHI
36	Noted	813	CALYON	S06819915FD001	7/17/2008	200,000,000.00	CMS_WIRE_PAYEE_01793	LBHI
37	Noted	813	CALYON	S06820614D8A01	7/24/2008	330,000,000.00	CMS_WIRE_PAYEE_01793	LBHI
38	Noted	813	CALYON	S0682241698201	8/11/2008	150,000,000.00	CMS_WIRE_PAYEE_01793	LBHI
39	Noted	813	CALYON	S0682462769E01	9/2/2008	330,000,000.00	CMS_WIRE_PAYEE_01793	LBHI
40	Counter	1032	CITI INSTL TAX FREE RESERVES	S06824626D3101	9/2/2008	100,000,000.00	CMS_WIRE_PAYEE_02244	LBHI
41	Counter	1036	Citibank NA	0556900204JS	7/22/2008	134,863,000.00	CMS_WIRE_PAYEE_02253	LBSF
42	Other	1110	COLLAT	4929900255JS	9/11/2008	250,000.00	CMS_WIRE_PAYEE_02395	LBSF
43	Other	1111	COLLATERAL	1537600189FS	7/7/2008	8,900,000.00	CMS_WIRE_PAYEE_02396	LBSF
44	Other	1111	COLLATERAL	5887800189FS	7/7/2008	5,000,000.00	CMS_WIRE_PAYEE_02396	LBSF
45	Other	1111	COLLATERAL	3603400190JS	7/8/2008	560,000.00	CMS_WIRE_PAYEE_02396	LBSF
46	Other	1111	COLLATERAL	3606900190JS	7/8/2008	11,781,000.00	CMS_WIRE_PAYEE_02396	LBSF
47	Other	1111	COLLATERAL	6461600190JS	7/8/2008	2,000,000.00	CMS_WIRE_PAYEE_02396	LBSF
48	Other	1111	COLLATERAL	5494400191FS	7/9/2008	31,700,000.00	CMS_WIRE_PAYEE_02396	LBSF
49	Other	1111	COLLATERAL	8859000191FS	7/9/2008	12,000,000.00	CMS_WIRE_PAYEE_02396	LBSF
50	Other	1111	COLLATERAL	0087500192FS	7/10/2008	2,500,000.00	CMS_WIRE_PAYEE_02396	LBSF
51	Other	1111	COLLATERAL	6721500192JS	7/10/2008	24,600,000.00	CMS_WIRE_PAYEE_02396	LBSF
52	Other	1111	COLLATERAL	9343600193FS	7/11/2008	7,000,000.00	CMS_WIRE_PAYEE_02396	LBSF
53	Other	1111	COLLATERAL	9334800196JS	7/14/2008	19,700,000.00	CMS_WIRE_PAYEE_02396	LBSF
54	Other	1111	COLLATERAL	2787500197JS	7/15/2008	872,000.00	CMS_WIRE_PAYEE_02396	LBSF
55	Other	1111	COLLATERAL	6266700197JS	7/15/2008	1,417.38	CMS_WIRE_PAYEE_02396	LBSF
56	Other	1111	COLLATERAL	6278500197JS	7/15/2008	1,448.09	CMS_WIRE_PAYEE_02396	LBSF
57	Other	1111	COLLATERAL	3713900198FS	7/16/2008	5,146,000.00	CMS_WIRE_PAYEE_02396	LBSF
58	Other	1111	COLLATERAL	5113400199JS	7/17/2008	2,900,000.00	CMS_WIRE_PAYEE_02396	LBSF
59	Other	1111	COLLATERAL	5114900199JS	7/17/2008	5,712,000.00	CMS_WIRE_PAYEE_02396	LBSF
60	Other	1111	COLLATERAL	8623200199JS	7/17/2008	3,400,000.00	CMS_WIRE_PAYEE_02396	LBSF

<sup>20</sup> This table does not include the nine (9) selected payments that were not included in the SOFA Schedules 3b. See Appendix 2-E for corresponding detail.

**Appendix 2-D – Detailed Listing of Payments Selected for Analysis (Continued)**

Creditor			Check/Wire #	Payment Date	Amount Paid	Vendor ID	Legal Entity
Category	#	Creditor Name					
61	Other	1111 COLLATERAL	6513700200FS	7/18/2008	1,950,000.00	CMS_WIRE_PAYEE_02396	LBSF
62	Other	1111 COLLATERAL	6516700200FS	7/18/2008	1,835,000.00	CMS_WIRE_PAYEE_02396	LBSF
63	Other	1111 COLLATERAL	8452000203JS	7/21/2008	41,640,000.00	CMS_WIRE_PAYEE_02396	LBSF
64	Other	1111 COLLATERAL	8458000203JS	7/21/2008	3,477,000.00	CMS_WIRE_PAYEE_02396	LBSF
65	Other	1111 COLLATERAL	9255100204FS	7/22/2008	2,369,000.00	CMS_WIRE_PAYEE_02396	LBSF
66	Other	1111 COLLATERAL	0905500205FS	7/23/2008	24,829,000.00	CMS_WIRE_PAYEE_02396	LBSF
67	Other	1111 COLLATERAL	1477900206JS	7/24/2008	2,483,000.00	CMS_WIRE_PAYEE_02396	LBSF
68	Other	1111 COLLATERAL	4861800206JS	7/24/2008	700,000.00	CMS_WIRE_PAYEE_02396	LBSF
69	Other	1111 COLLATERAL	6380300206JS	7/24/2008	500,000.00	CMS_WIRE_PAYEE_02396	LBSF
70	Other	1111 COLLATERAL	3472600207FS	7/25/2008	615,000.00	CMS_WIRE_PAYEE_02396	LBSF
71	Other	1111 COLLATERAL	7099100207FS	7/25/2008	8,000,000.00	CMS_WIRE_PAYEE_02396	LBSF
72	Other	1111 COLLATERAL	5997000210JS	7/28/2008	28,700,000.00	CMS_WIRE_PAYEE_02396	LBSF
73	Other	1111 COLLATERAL	1294100211JS	7/29/2008	2,000,000.00	CMS_WIRE_PAYEE_02396	LBSF
74	Other	1111 COLLATERAL	7369000211FS	7/29/2008	23,400,000.00	CMS_WIRE_PAYEE_02396	LBSF
75	Other	1111 COLLATERAL	3665200212FS	7/30/2008	40,954.23	CMS_WIRE_PAYEE_02396	LBSF
76	Other	1111 COLLATERAL	9833200212JS	7/30/2008	12,600,000.00	CMS_WIRE_PAYEE_02396	LBSF
77	Other	1111 COLLATERAL	2693900213JS	7/31/2008	22,200,000.00	CMS_WIRE_PAYEE_02396	LBSF
78	Other	1111 COLLATERAL	2694000213JS	7/31/2008	5,923,000.00	CMS_WIRE_PAYEE_02396	LBSF
79	Other	1111 COLLATERAL	0645000217FS	8/4/2008	700,000.00	CMS_WIRE_PAYEE_02396	LBSF
80	Other	1111 COLLATERAL	6802600217JS	8/4/2008	16,700,000.00	CMS_WIRE_PAYEE_02396	LBSF
81	Other	1111 COLLATERAL	6802700217JS	8/4/2008	8,186,000.00	CMS_WIRE_PAYEE_02396	LBSF
82	Other	1111 COLLATERAL	8074700218FS	8/5/2008	4,759.05	CMS_WIRE_PAYEE_02396	LBSF
83	Other	1111 COLLATERAL	8075200218FS	8/5/2008	16,800,000.00	CMS_WIRE_PAYEE_02396	LBSF
84	Other	1111 COLLATERAL	9184300219JS	8/6/2008	1,750,000.00	CMS_WIRE_PAYEE_02396	LBSF
85	Other	1111 COLLATERAL	9197900219JS	8/6/2008	10,752,000.00	CMS_WIRE_PAYEE_02396	LBSF
86	Other	1111 COLLATERAL	0352500220JS	8/7/2008	1,015,000.00	CMS_WIRE_PAYEE_02396	LBSF
87	Other	1111 COLLATERAL	0798700221FS	8/8/2008	2,395,000.00	CMS_WIRE_PAYEE_02396	LBSF
88	Other	1111 COLLATERAL	3094900224JS	8/11/2008	3,207,000.00	CMS_WIRE_PAYEE_02396	LBSF
89	Other	1111 COLLATERAL	3101500224JS	8/11/2008	8,916,087.00	CMS_WIRE_PAYEE_02396	LBSF
90	Other	1111 COLLATERAL	4128300225FS	8/12/2008	18,200,000.00	CMS_WIRE_PAYEE_02396	LBSF
91	Other	1111 COLLATERAL	4128400225FS	8/12/2008	5,833,000.00	CMS_WIRE_PAYEE_02396	LBSF
92	Other	1111 COLLATERAL	4137300225FS	8/12/2008	6,249,000.00	CMS_WIRE_PAYEE_02396	LBSF
93	Other	1111 COLLATERAL	5203000226JS	8/13/2008	18,778,000.00	CMS_WIRE_PAYEE_02396	LBSF
94	Other	1111 COLLATERAL	9822300228JS	8/15/2008	6,179,000.00	CMS_WIRE_PAYEE_02396	LBSF
95	Other	1111 COLLATERAL	9822500228JS	8/15/2008	11,354,000.00	CMS_WIRE_PAYEE_02396	LBSF
96	Other	1111 COLLATERAL	8280600231FS	8/18/2008	9,500,000.00	CMS_WIRE_PAYEE_02396	LBSF
97	Other	1111 COLLATERAL	8757700232JS	8/19/2008	12,900,000.00	CMS_WIRE_PAYEE_02396	LBSF
98	Other	1111 COLLATERAL	9255800233FS	8/20/2008	3,000,000.00	CMS_WIRE_PAYEE_02396	LBSF
99	Other	1111 COLLATERAL	1207900234FS	8/21/2008	12,100,000.00	CMS_WIRE_PAYEE_02396	LBSF
100	Other	1111 COLLATERAL	2177200235JS	8/22/2008	3,400,000.00	CMS_WIRE_PAYEE_02396	LBSF
101	Other	1111 COLLATERAL	3226600238FS	8/25/2008	8,965,000.00	CMS_WIRE_PAYEE_02396	LBSF
102	Other	1111 COLLATERAL	3226700238FS	8/25/2008	2,000,000.00	CMS_WIRE_PAYEE_02396	LBSF
103	Other	1111 COLLATERAL	4574900239JS	8/26/2008	14,267,000.00	CMS_WIRE_PAYEE_02396	LBSF
104	Other	1111 COLLATERAL	8854600241JS	8/28/2008	7,179,000.00	CMS_WIRE_PAYEE_02396	LBSF
105	Other	1111 COLLATERAL	8863500241JS	8/28/2008	250,000.00	CMS_WIRE_PAYEE_02396	LBSF
106	Other	1111 COLLATERAL	8869100241JS	8/28/2008	500,000.00	CMS_WIRE_PAYEE_02396	LBSF
107	Other	1111 COLLATERAL	8874300241JS	8/28/2008	7,300,000.00	CMS_WIRE_PAYEE_02396	LBSF
108	Other	1111 COLLATERAL	8876000241JS	8/28/2008	1,500,000.00	CMS_WIRE_PAYEE_02396	LBSF
109	Other	1111 COLLATERAL	8876100241JS	8/28/2008	250,000.00	CMS_WIRE_PAYEE_02396	LBSF
110	Other	1111 COLLATERAL	1849100242JS	8/29/2008	12,600,000.00	CMS_WIRE_PAYEE_02396	LBSF
111	Other	1111 COLLATERAL	1824800246JS	9/2/2008	1,518,000.00	CMS_WIRE_PAYEE_02396	LBSF
112	Other	1111 COLLATERAL	1829300246JS	9/2/2008	1,600,000.00	CMS_WIRE_PAYEE_02396	LBSF
113	Other	1111 COLLATERAL	1830800246JS	9/2/2008	11,784,632.00	CMS_WIRE_PAYEE_02396	LBSF
114	Other	1111 COLLATERAL	4315000247FS	9/3/2008	283,346.48	CMS_WIRE_PAYEE_02396	LBSF
115	Other	1111 COLLATERAL	4325800247FS	9/3/2008	1,003,000.00	CMS_WIRE_PAYEE_02396	LBSF
116	Other	1111 COLLATERAL	4333000247FS	9/3/2008	321,387.14	CMS_WIRE_PAYEE_02396	LBSF
117	Other	1111 COLLATERAL	7521100247FS	9/3/2008	30,575.71	CMS_WIRE_PAYEE_02396	LBSF
118	Other	1111 COLLATERAL	5567100248JS	9/4/2008	17,800,000.00	CMS_WIRE_PAYEE_02396	LBSF
119	Other	1111 COLLATERAL	8716600248JS	9/4/2008	683.48	CMS_WIRE_PAYEE_02396	LBSF
120	Other	1111 COLLATERAL	9098000249FS	9/5/2008	20,300,000.00	CMS_WIRE_PAYEE_02396	LBSF

**Appendix 2-D – Detailed Listing of Payments Selected for Analysis (Continued)**

Creditor					Payment Date	Amount Paid	Vendor ID	Legal Entity
Category	#	Creditor Name	Check/Wire #					
121	Other	1111 COLLATERAL	8453100252JS	9/8/2008	6,500,000.00	CMS_WIRE_PAYEE_02396	LBSF	
122	Other	1111 COLLATERAL	8461700252JS	9/8/2008	9,561,811.00	CMS_WIRE_PAYEE_02396	LBSF	
123	Other	1111 COLLATERAL	0699400253JS	9/9/2008	689,000.00	CMS_WIRE_PAYEE_02396	LBSF	
124	Other	1111 COLLATERAL	5309900253JS	9/9/2008	4,727.68	CMS_WIRE_PAYEE_02396	LBSF	
125	Other	1111 COLLATERAL	4919400255JS	9/11/2008	27,100,000.00	CMS_WIRE_PAYEE_02396	LBSF	
126	Other	1111 COLLATERAL	4926100255JS	9/11/2008	5,500,000.00	CMS_WIRE_PAYEE_02396	LBSF	
127	Other	1111 COLLATERAL	4929600255JS	9/11/2008	500,000.00	CMS_WIRE_PAYEE_02396	LBSF	
128	Other	1111 COLLATERAL	4943100255JS	9/11/2008	1,250,000.00	CMS_WIRE_PAYEE_02396	LBSF	
129	Other	1111 COLLATERAL	1240900256JS	9/12/2008	10,892,037.00	CMS_WIRE_PAYEE_02396	LBSF	
130	Other	1111 COLLATERAL	0266200227JS	8/14/2008	\$894,000.00	CMS_WIRE_PAYEE_02396	LBOTC	
131	Other	1111 COLLATERAL	1204600234FS	8/21/2008	\$2,730,000.00	CMS_WIRE_PAYEE_02396	LBOTC	
132	Other	1111 COLLATERAL	1496200206JS	7/24/2008	\$914,000.00	CMS_WIRE_PAYEE_02396	LBOTC	
133	Other	1111 COLLATERAL	1541200189FS	7/7/2008	\$1,907,000.00	CMS_WIRE_PAYEE_02396	LBOTC	
134	Other	1111 COLLATERAL	2511400252FS	9/8/2008	\$3,457,000.00	CMS_WIRE_PAYEE_02396	LBOTC	
135	Other	1111 COLLATERAL	2968500259FS	9/15/2008	\$5,203,000.00	CMS_WIRE_PAYEE_02396	LBOTC	
136	Other	1111 COLLATERAL	3099600224JS	8/11/2008	\$2,800,000.00	CMS_WIRE_PAYEE_02396	LBOTC	
137	Other	1111 COLLATERAL	3615600190JS	7/8/2008	\$1,078,000.00	CMS_WIRE_PAYEE_02396	LBOTC	
138	Other	1111 COLLATERAL	4340300247FS	9/3/2008	\$23,648.00	CMS_WIRE_PAYEE_02396	LBOTC	
139	Other	1111 COLLATERAL	4457800214FS	8/1/2008	\$23,612,000.00	CMS_WIRE_PAYEE_02396	LBOTC	
140	Other	1111 COLLATERAL	4953400255JS	9/11/2008	\$5,106,000.00	CMS_WIRE_PAYEE_02396	LBOTC	
141	Other	1111 COLLATERAL	6016500210JS	7/28/2008	\$1,111,000.00	CMS_WIRE_PAYEE_02396	LBOTC	
142	Other	1111 COLLATERAL	6391600240FS	8/27/2008	\$955,000.00	CMS_WIRE_PAYEE_02396	LBOTC	
143	Other	1111 COLLATERAL	6802100217JS	8/4/2008	\$1,249,000.00	CMS_WIRE_PAYEE_02396	LBOTC	
144	Other	1111 COLLATERAL	6804700217JS	8/4/2008	\$84,173.37	CMS_WIRE_PAYEE_02396	LBOTC	
145	Other	1111 COLLATERAL	7909600193FS	7/11/2008	\$764,000.00	CMS_WIRE_PAYEE_02396	LBOTC	
146	Other	1111 COLLATERAL	8035600261FS	9/17/2008	\$1,044,161.86	CMS_WIRE_PAYEE_02396	LBOTC	
147	Other	1111 COLLATERAL	8255900261FS	9/17/2008	\$289,106.72	CMS_WIRE_PAYEE_02396	LBOTC	
148	Other	1111 COLLATERAL	9202700219JS	8/6/2008	\$1,436,000.00	CMS_WIRE_PAYEE_02396	LBOTC	
149	Other	1111 COLLATERAL	9269700204FS	7/22/2008	\$3,315,000.00	CMS_WIRE_PAYEE_02396	LBOTC	
150	Other	1111 COLLATERAL	9824700228JS	8/15/2008	\$953,000.00	CMS_WIRE_PAYEE_02396	LBOTC	
151	Other	1112 COLLATERAL HELD	S06817716A0E01	6/25/2008	346,446.32	CMS_WIRE_PAYEE_02397	LBHI	
152	Other	1112 COLLATERAL HELD	S0681822422E01	6/30/2008	476,363.70	CMS_WIRE_PAYEE_02397	LBHI	
153	Other	1112 COLLATERAL HELD	1916100189FS	7/7/2008	1,050,000.00	CMS_WIRE_PAYEE_02397	LBCS	
154	Other	1112 COLLATERAL HELD	5805800191FS	7/9/2008	2,497,000.00	CMS_WIRE_PAYEE_02397	LBCS	
155	Other	1112 COLLATERAL HELD	9571400193FS	7/11/2008	2,120,000.00	CMS_WIRE_PAYEE_02397	LBCS	
156	Other	1112 COLLATERAL HELD	3653800197JS	7/15/2008	1,200,000.00	CMS_WIRE_PAYEE_02397	LBCS	
157	Other	1112 COLLATERAL HELD	S0681981499601	7/16/2008	541,322.40	CMS_WIRE_PAYEE_02397	LBHI	
158	Other	1112 COLLATERAL HELD	3632300205FS	7/23/2008	1,250,000.00	CMS_WIRE_PAYEE_02397	LBCS	
159	Other	1112 COLLATERAL HELD	5544400207FS	7/25/2008	3,623,000.00	CMS_WIRE_PAYEE_02397	LBCS	
160	Other	1112 COLLATERAL HELD	5890900214FS	8/1/2008	1,046,000.00	CMS_WIRE_PAYEE_02397	LBCS	
161	Other	1112 COLLATERAL HELD	9605200218FS	8/5/2008	2,553,000.00	CMS_WIRE_PAYEE_02397	LBCS	
162	Other	1112 COLLATERAL HELD	5521200225FS	8/12/2008	289,000.00	CMS_WIRE_PAYEE_02397	LBCS	
163	Other	1112 COLLATERAL HELD	7544700227FS	8/14/2008	3,549,000.00	CMS_WIRE_PAYEE_02397	LBCS	
164	Other	1112 COLLATERAL HELD	7649000228JS	8/15/2008	320,000.00	CMS_WIRE_PAYEE_02397	LBCS	
165	Other	1112 COLLATERAL HELD	9005900232JS	8/19/2008	1,230,000.00	CMS_WIRE_PAYEE_02397	LBCS	
166	Other	1112 COLLATERAL HELD	2264500234FS	8/21/2008	261,000.00	CMS_WIRE_PAYEE_02397	LBCS	
167	Other	1112 COLLATERAL HELD	4969200238FS	8/25/2008	1,172,000.00	CMS_WIRE_PAYEE_02397	LBCS	
168	Other	1112 COLLATERAL HELD	2207200241FS	8/28/2008	294,000.00	CMS_WIRE_PAYEE_02397	LBCS	
169	Other	1112 COLLATERAL HELD	6443100248JS	9/4/2008	3,302,000.00	CMS_WIRE_PAYEE_02397	LBCS	
170	Other	1112 COLLATERAL HELD	9956800252JS	9/8/2008	3,019,000.00	CMS_WIRE_PAYEE_02397	LBCS	
171	Other	1112 COLLATERAL HELD	5872500254FS	9/10/2008	8,690,000.00	CMS_WIRE_PAYEE_02397	LBCS	
172	Other	1112 COLLATERAL HELD	7561200255JS	9/11/2008	3,204,000.00	CMS_WIRE_PAYEE_02397	LBCS	
173	Other	1112 COLLATERAL HELD	7576200256FS	9/12/2008	1,000,000.00	CMS_WIRE_PAYEE_02397	LBCS	
174	Other	1113 COLLATERAL PLEDGED LEHMAN BROTH	5444400253JS	9/9/2008	273,300,000.00	CMS_WIRE_PAYEE_02398	LBSF	
175	Other	1111 COLLATERAL+	4125700225FS	8/12/2008	1,635,000.00	CMS_WIRE_PAYEE_02396	LBSF	
176	Noted	1118 COLUMBIA INSTITUTIONAL WIRE ACC/B	S06821414FE101	8/1/2008	150,000,000.00	CMS_WIRE_PAYEE_02412	LBHI	
177	Noted	1119 COLUMBIA INSTITUTIONAL WIRE ACCT/E	S06821414FE501	8/1/2008	300,000,000.00	CMS_WIRE_PAYEE_02414	LBHI	
178	Noted	1120 COLUMBIA INSTITUTIONAL WIRE ACCT/E	S0681841733001	7/2/2008	250,000,000.00	CMS_WIRE_PAYEE_02416	LBHI	
179	Noted	1120 COLUMBIA INSTITUTIONAL WIRE ACCT/E	S06819214E9F01	7/10/2008	200,000,000.00	CMS_WIRE_PAYEE_02416	LBHI	
180	Noted	1120 COLUMBIA INSTITUTIONAL WIRE ACCT/E	S068233139A701	8/20/2008	200,000,000.00	CMS_WIRE_PAYEE_02416	LBHI	

**Appendix 2-D – Detailed Listing of Payments Selected for Analysis (Continued)**

Category	#	Creditor Name	Check/Wire #	Payment Date	Amount Paid	Vendor ID	Legal Entity
181	Noted	1120	COLUMBIA INSTITUTIONAL WIRE ACCT/E S06824626D4101	9/2/2008	500,000,000.00	CMS_WIRE_PAYEE_02416	LBHI
182	Noted	1120	COLUMBIA INSTITUTIONAL WIRE ACCT/E S06824712A6B01	9/3/2008	300,000,000.00	CMS_WIRE_PAYEE_02416	LBHI
183	Noted	1121	COLUMBIA INSTITUTIONAL WIRE ACCT/E S068206144A801	7/24/2008	250,000,000.00	CMS_WIRE_PAYEE_02411	LBHI
184	Noted	1121	COLUMBIA INSTITUTIONAL WIRE ACCT/E S06821414FE601	8/1/2008	300,000,000.00	CMS_WIRE_PAYEE_02411	LBHI
185	Noted	1121	COLUMBIA INSTITUTIONAL WIRE ACCT/E S06824626DF701	9/2/2008	300,000,000.00	CMS_WIRE_PAYEE_02411	LBHI
186	Noted	1204	CORPORATE TRUST AND AGENCY GROUP S06825512BD201	9/11/2008	1,000,225,000.00	CMS_WIRE_PAYEE_02572	LBHI
187	Noted	1208	CORPORATE TRUST CLEARING ACCT S0682120E45A01	7/30/2008	970,151,829.87	CMS_WIRE_PAYEE_02577	LBHI
188	Noted	1213	CORPORATE TRUST WIRE CLEARING S0681770DD2401	6/25/2008	165,565,000.00	CMS_WIRE_PAYEE_02585	LBHI
189	Noted	1373	DANSKE BANK COPENHAGEN S06822612C2101	8/13/2008	500,000,000.00	CMS_WIRE_PAYEE_02884	LBHI
190	Noted	1373	DANSKE BANK COPENHAGEN S0682271522601	8/14/2008	500,000,000.00	CMS_WIRE_PAYEE_02884	LBHI
191	Other	DERIVATIVE COLLATERAL	4751600260JS	9/16/2008	\$1,140,000.00	CMS_WIRE_PAYEE_03028	LBOTC
192	Noted	1458	DEUTSCHE BANK101 HUDSON STREET23 S0681851494101	7/3/2008	200,000,000.00	CMS_WIRE_PAYEE_03040	LBHI
193	Noted	1458	DEUTSCHE BANK101 HUDSON STREET23 S068221138FA01	8/8/2008	200,000,000.00	CMS_WIRE_PAYEE_03040	LBHI
194	Noted	1458	DEUTSCHE BANK101 HUDSON STREET23 S06823512FB801	8/22/2008	400,000,000.00	CMS_WIRE_PAYEE_03040	LBHI
195	Noted	1458	DEUTSCHE BANK101 HUDSON STREET23 S06824014F6601	8/27/2008	700,000,000.00	CMS_WIRE_PAYEE_03040	LBHI
196	Noted	1458	DEUTSCHE BANK101 HUDSON STREET23 S06824712B0701	9/3/2008	350,000,000.00	CMS_WIRE_PAYEE_03040	LBHI
197	Noted	1458	DEUTSCHE BANK101 HUDSON STREET23 S06825215D8A01	9/8/2008	400,000,000.00	CMS_WIRE_PAYEE_03040	LBHI
198	Noted	1458	DEUTSCHE BANK101 HUDSON STREET23 S0682551763501	9/11/2008	1,000,000,000.00	CMS_WIRE_PAYEE_03040	LBHI
199	Noted	1462	DEUTSCHE TELEKOM INTL FINANCE B.V S0682311037D01	8/18/2008	847,110,000.00	CMS_WIRE_PAYEE_03069	LBHI
200	Noted	1462	DEUTSCHE TELEKOM INTL FINANCE B.V S0682311048101	8/18/2008	647,315,500.00	CMS_WIRE_PAYEE_03069	LBHI
201	Noted	1465	DEXIA CREDIT LOCAL (NEW YORK) S0682141626101	8/1/2008	213,000,000.00	CMS_WIRE_PAYEE_03075	LBHI
202	Noted	1465	DEXIA CREDIT LOCAL (NEW YORK) S0682251200101	8/12/2008	300,000,000.00	CMS_WIRE_PAYEE_03075	LBHI
203	Noted	1465	DEXIA CREDIT LOCAL (NEW YORK) S06823914F0401	8/26/2008	300,000,000.00	CMS_WIRE_PAYEE_03075	LBHI
204	Noted	1465	DEXIA CREDIT LOCAL (NEW YORK) S06824014F6C01	8/27/2008	300,000,000.00	CMS_WIRE_PAYEE_03075	LBHI
205	Noted	1467	DEXIA PARIS S06822714F7D01	8/14/2008	300,000,000.00	CMS_WIRE_PAYEE_03078	LBHI
206	Noted	1522	dreyfus cash management plus fund/BNF/ DE/ S0681831409C01	7/1/2008	400,000,000.00	CMS_WIRE_PAYEE_03179	LBHI
207	Noted	1522	dreyfus cash management plus fund/BNF/ DE/ S068219113B001	8/6/2008	300,000,000.00	CMS_WIRE_PAYEE_03179	LBHI
208	Noted	1522	dreyfus cash management plus fund/BNF/ DE/ S068228123A801	8/15/2008	250,000,000.00	CMS_WIRE_PAYEE_03179	LBHI
209	Noted	1522	dreyfus cash management plus fund/BNF/ DE/ S06824626D3001	9/2/2008	400,000,000.00	CMS_WIRE_PAYEE_03179	LBHI
210	Noted	1522	dreyfus cash management plus fund/BNF/ DE/ S06824712A6701	9/3/2008	130,000,000.00	CMS_WIRE_PAYEE_03179	LBHI
211	Noted	1523	DREYFUS CASH MGT/BNF/ DEALER 6036 S0681831409901	7/1/2008	400,000,000.00	CMS_WIRE_PAYEE_03180	LBHI
212	Noted	1523	DREYFUS CASH MGT/BNF/ DEALER 6036 S0682281280B01	8/15/2008	300,000,000.00	CMS_WIRE_PAYEE_03180	LBHI
213	Noted	1523	DREYFUS CASH MGT/BNF/ DEALER 6036 S06824626D3501	9/2/2008	400,000,000.00	CMS_WIRE_PAYEE_03180	LBHI
214	Noted	1525	DREYFUS INSTL CASH ADV FUND/BNF/ E S0681831409D01	7/1/2008	250,000,000.00	CMS_WIRE_PAYEE_03183	LBHI
215	Noted	1525	DREYFUS INSTL CASH ADV FUND/BNF/ E S068219113B101	8/6/2008	300,000,000.00	CMS_WIRE_PAYEE_03183	LBHI
216	Noted	1528	DREYFUS TAX EXEMPT CASH FUND/BNF/ S06821414FE801	8/1/2008	200,000,000.00	CMS_WIRE_PAYEE_03192	LBHI
217	Noted	1606	EDGEWIRE S0681831409B01	7/1/2008	200,000,000.00	CMS_WIRE_PAYEE_03334	LBHI
218	Noted	1606	EDGEWIRE S068206144AA01	7/24/2008	175,000,000.00	CMS_WIRE_PAYEE_03334	LBHI
219	Noted	1606	EDGEWIRE S06821415B9201	8/1/2008	220,000,000.00	CMS_WIRE_PAYEE_03334	LBHI
220	Noted	1606	EDGEWIRE S06824626DFB01	9/2/2008	220,000,000.00	CMS_WIRE_PAYEE_03334	LBHI
221	Noted	1607	EDGEWIRE/BNF/WATER FERRY ACT 9118 S06821415B9501	8/1/2008	300,000,000.00	CMS_WIRE_PAYEE_03332	LBHI
222	Noted	1758	FAVOR GCI S068176121A401	6/24/2008	150,000,000.00	CMS_WIRE_PAYEE_03616	LBHI
223	Noted	1759	FAVOR IBD TORONTO S068176121B501	6/24/2008	250,000,000.00	CMS_WIRE_PAYEE_03618	LBHI
224	Noted	1759	FAVOR IBD TORONTO S0682462769D01	9/2/2008	250,000,000.00	CMS_WIRE_PAYEE_03618	LBHI
225	Noted	1760	FAVOR NORDEA BANK CAYMAN S068176121A501	6/24/2008	250,000,000.00	CMS_WIRE_PAYEE_03619	LBHI
226	Noted	1760	FAVOR NORDEA BANK CAYMAN S0681901229101	7/8/2008	250,000,000.00	CMS_WIRE_PAYEE_03619	LBHI
227	Noted	1760	FAVOR NORDEA BANK CAYMAN S06824914D6801	9/5/2008	178,000,000.00	CMS_WIRE_PAYEE_03619	LBHI
228	Counter	1771	FED DALLAS S0681841881C01	7/2/2008	100,000,000.00	CMS_WIRE_PAYEE_03671	LBHI
229	Counter	1771	FED DALLAS S068191142D101	7/9/2008	100,000,000.00	CMS_WIRE_PAYEE_03671	LBHI
230	Counter	1771	FED DALLAS S06824813F3501	9/4/2008	100,000,000.00	CMS_WIRE_PAYEE_03671	LBHI
231	Counter	1771	FED DALLAS S06825215C8201	9/8/2008	100,000,000.00	CMS_WIRE_PAYEE_03671	LBHI
232	Counter	1772	FED DETROIT S06817817C3201	6/26/2008	100,000,000.00	CMS_WIRE_PAYEE_03673	LBHI
233	Counter	1772	FED DETROIT S068200143A401	7/18/2008	100,000,000.00	CMS_WIRE_PAYEE_03673	LBHI
234	Counter	1772	FED DETROIT S068232139BC01	8/19/2008	100,000,000.00	CMS_WIRE_PAYEE_03673	LBHI
235	Counter	1773	FED FUNDS S068170154C301	6/18/2008	400,000,000.00	CMS_WIRE_PAYEE_03675	LBHI
236	Counter	1773	FED FUNDS S0681711575301	6/19/2008	600,000,000.00	CMS_WIRE_PAYEE_03675	LBHI
237	Counter	1773	FED FUNDS S068179180BD01	6/27/2008	600,000,000.00	CMS_WIRE_PAYEE_03675	LBHI
238	Counter	1773	FED FUNDS S06818317C8F01	7/1/2008	200,000,000.00	CMS_WIRE_PAYEE_03675	LBHI
239	Counter	1773	FED FUNDS S068191142D201	7/9/2008	600,000,000.00	CMS_WIRE_PAYEE_03675	LBHI
240	Counter	1773	FED FUNDS S0681981499901	7/16/2008	750,000,000.00	CMS_WIRE_PAYEE_03675	LBHI

**Appendix 2-D – Detailed Listing of Payments Selected for Analysis (Continued)**

Category	#	Creditor Name	Check/Wire #	Payment Date	Amount Paid	Vendor ID	Legal Entity
241	Counter	1773 FED FUNDS	S068199164C701	7/17/2008	750,000,000.00	CMS_WIRE_PAYEE_03675	LBHI
242	Counter	1773 FED FUNDS	S068210167BB01	7/28/2008	400,000,000.00	CMS_WIRE_PAYEE_03675	LBHI
243	Counter	1773 FED FUNDS	S068214169D001	8/1/2008	150,000,000.00	CMS_WIRE_PAYEE_03675	LBHI
244	Counter	1773 FED FUNDS	S06821714C6901	8/4/2008	300,000,000.00	CMS_WIRE_PAYEE_03675	LBHI
245	Counter	1773 FED FUNDS	S0682251332701	8/12/2008	250,000,000.00	CMS_WIRE_PAYEE_03675	LBHI
246	Counter	1773 FED FUNDS	S068226141B101	8/13/2008	500,000,000.00	CMS_WIRE_PAYEE_03675	LBHI
247	Counter	1773 FED FUNDS	S068231151E101	8/18/2008	500,000,000.00	CMS_WIRE_PAYEE_03675	LBHI
248	Counter	1773 FED FUNDS	S0682321392101	8/19/2008	500,000,000.00	CMS_WIRE_PAYEE_03675	LBHI
249	Counter	1773 FED FUNDS	S06823414E3201	8/21/2008	100,000,000.00	CMS_WIRE_PAYEE_03675	LBHI
250	Counter	1773 FED FUNDS	S06823915B5F01	8/26/2008	800,000,000.00	CMS_WIRE_PAYEE_03675	LBHI
251	Counter	1773 FED FUNDS	S06824015BEF01	8/27/2008	600,000,000.00	CMS_WIRE_PAYEE_03675	LBHI
252	Counter	1774 FED NY	S068197155CD01	7/15/2008	100,000,000.00	CMS_WIRE_PAYEE_03677	
253	Counter	1774 FED NY	S06820514ADE01	7/23/2008	600,000,000.00	CMS_WIRE_PAYEE_03677	LBHI
254	Counter	1775 FED PHILLY/BNF/9605261060 GRAND CA	S0681691454901	6/17/2008	200,000,000.00	CMS_WIRE_PAYEE_03678	LBHI
255	Counter	1775 FED PHILLY/BNF/9605261060 GRAND CA	S0681701410701	6/18/2008	300,000,000.00	CMS_WIRE_PAYEE_03678	LBHI
256	Counter	1775 FED PHILLY/BNF/9605261060 GRAND CA	S0681711575501	6/19/2008	150,000,000.00	CMS_WIRE_PAYEE_03678	LBHI
257	Counter	1775 FED PHILLY/BNF/9605261060 GRAND CA	S068171153F401	6/19/2008	145,000,000.00	CMS_WIRE_PAYEE_03678	LBHI
258	Counter	1775 FED PHILLY/BNF/9605261060 GRAND CA	S06817219A4F01	6/20/2008	180,000,000.00	CMS_WIRE_PAYEE_03678	LBHI
259	Counter	1775 FED PHILLY/BNF/9605261060 GRAND CA	S068176121A601	6/24/2008	200,000,000.00	CMS_WIRE_PAYEE_03678	LBHI
260	Counter	1775 FED PHILLY/BNF/9605261060 GRAND CA	S0681771514F01	6/25/2008	300,000,000.00	CMS_WIRE_PAYEE_03678	LBHI
261	Counter	1775 FED PHILLY/BNF/9605261060 GRAND CA	S068179180BA01	6/27/2008	200,000,000.00	CMS_WIRE_PAYEE_03678	LBHI
262	Counter	1775 FED PHILLY/BNF/9605261060 GRAND CA	S0681831734101	7/1/2008	300,000,000.00	CMS_WIRE_PAYEE_03678	LBHI
263	Counter	1775 FED PHILLY/BNF/9605261060 GRAND CA	S0681841744C01	7/2/2008	150,000,000.00	CMS_WIRE_PAYEE_03678	LBHI
264	Counter	1775 FED PHILLY/BNF/9605261060 GRAND CA	S06818417C5601	7/2/2008	100,000,000.00	CMS_WIRE_PAYEE_03678	LBHI
265	Counter	1775 FED PHILLY/BNF/9605261060 GRAND CA	S06818513BA001	7/3/2008	300,000,000.00	CMS_WIRE_PAYEE_03678	LBHI
266	Counter	1775 FED PHILLY/BNF/9605261060 GRAND CA	S068189243D201	7/7/2008	268,000,000.00	CMS_WIRE_PAYEE_03678	LBHI
267	Counter	1775 FED PHILLY/BNF/9605261060 GRAND CA	S06819112B5E01	7/9/2008	300,000,000.00	CMS_WIRE_PAYEE_03678	LBHI
268	Counter	1775 FED PHILLY/BNF/9605261060 GRAND CA	S068192159EB01	7/10/2008	300,000,000.00	CMS_WIRE_PAYEE_03678	LBHI
269	Counter	1775 FED PHILLY/BNF/9605261060 GRAND CA	S0681971615C01	7/15/2008	110,000,000.00	CMS_WIRE_PAYEE_03678	LBHI
270	Counter	1775 FED PHILLY/BNF/9605261060 GRAND CA	S0681981499801	7/16/2008	200,000,000.00	CMS_WIRE_PAYEE_03678	LBHI
271	Counter	1775 FED PHILLY/BNF/9605261060 GRAND CA	S0682001400901	7/18/2008	150,000,000.00	CMS_WIRE_PAYEE_03678	LBHI
272	Counter	1775 FED PHILLY/BNF/9605261060 GRAND CA	S0682051490801	7/23/2008	150,000,000.00	CMS_WIRE_PAYEE_03678	LBHI
273	Counter	1775 FED PHILLY/BNF/9605261060 GRAND CA	S0682071638201	7/25/2008	150,000,000.00	CMS_WIRE_PAYEE_03678	LBHI
274	Counter	1775 FED PHILLY/BNF/9605261060 GRAND CA	S068211147F301	7/29/2008	125,000,000.00	CMS_WIRE_PAYEE_03678	LBHI
275	Counter	1775 FED PHILLY/BNF/9605261060 GRAND CA	S06821214DC401	7/30/2008	200,000,000.00	CMS_WIRE_PAYEE_03678	LBHI
276	Counter	1775 FED PHILLY/BNF/9605261060 GRAND CA	S06822511FFF01	8/12/2008	200,000,000.00	CMS_WIRE_PAYEE_03678	LBHI
277	Counter	1775 FED PHILLY/BNF/9605261060 GRAND CA	S0682261324601	8/13/2008	200,000,000.00	CMS_WIRE_PAYEE_03678	LBHI
278	Counter	1775 FED PHILLY/BNF/9605261060 GRAND CA	S068231151DE01	8/18/2008	200,000,000.00	CMS_WIRE_PAYEE_03678	LBHI
279	Counter	1775 FED PHILLY/BNF/9605261060 GRAND CA	S0682321265401	8/19/2008	150,000,000.00	CMS_WIRE_PAYEE_03678	LBHI
280	Counter	1775 FED PHILLY/BNF/9605261060 GRAND CA	S0682391476A01	8/26/2008	300,000,000.00	CMS_WIRE_PAYEE_03678	LBHI
281	Counter	1775 FED PHILLY/BNF/9605261060 GRAND CA	S06824014F6A01	8/27/2008	300,000,000.00	CMS_WIRE_PAYEE_03678	LBHI
282	Counter	1775 FED PHILLY/BNF/9605261060 GRAND CA	S0682411750B01	8/28/2008	300,000,000.00	CMS_WIRE_PAYEE_03678	LBHI
283	Counter	1775 FED PHILLY/BNF/9605261060 GRAND CA	S06824712B0A01	9/3/2008	120,000,000.00	CMS_WIRE_PAYEE_03678	LBHI
284	Counter	2488 HSBC BANK PLC LONDON	S0682001316D01	7/18/2008	400,000,000.00	CMS_WIRE_PAYEE_05122	LBHI
285	Counter	2488 HSBC BANK PLC LONDON	S0682071638101	7/25/2008	500,000,000.00	CMS_WIRE_PAYEE_05122	LBHI
286	Counter	2490 HSBC BANK USA	S0681771418B01	6/25/2008	150,008,072.92	CMS_WIRE_PAYEE_05124	LBHI
287	Counter	2738 JP MORGAN CHASE BANK	S0681791885A01	6/27/2008	400,000,000.00	CMS_WIRE_PAYEE_05589	LBHI
288	Counter	2738 JP MORGAN CHASE BANK	S0682391603401	8/26/2008	800,000,000.00	CMS_WIRE_PAYEE_05589	LBHI
289	Counter	2738 JP MORGAN CHASE BANK	S0682531366A01	9/9/2008	1,000,000,000.00	CMS_WIRE_PAYEE_05589	LBHI
290	Counter	2738 JP MORGAN CHASE BANK	S0682541675A01	9/10/2008	300,000,000.00	CMS_WIRE_PAYEE_05589	LBHI
291	Counter	2738 JP MORGAN CHASE BANK	S0682551763401	9/11/2008	600,000,000.00	CMS_WIRE_PAYEE_05589	LBHI
292	Counter	2751 JPM CHASE DEPOSIT ACCOUNT/BNF/501: S0681721868C01	6/20/2008	215,000,000.00	CMS_WIRE_PAYEE_05617	LBHI	
293	Counter	2751 JPM CHASE DEPOSIT ACCOUNT/BNF/501: S0681831409F01	7/1/2008	400,000,000.00	CMS_WIRE_PAYEE_05617	LBHI	
294	Counter	2751 JPM CHASE DEPOSIT ACCOUNT/BNF/501: S06822812F9501	8/15/2008	250,000,000.00	CMS_WIRE_PAYEE_05617	LBHI	
295	Counter	2752 JPM CHASE LONDON	S0681891FBDC01	7/7/2008	154,177,548.53	CMS_WIRE_PAYEE_05619	LBHI
296	Counter	2752 JPM CHASE LONDON	S0682270ED2001	8/14/2008	153,964,967.31	CMS_WIRE_PAYEE_05619	LBHI
297	Counter	2753 JPM CHASE LONDON/BNF/25261903 LEH	S06817217E3501	6/20/2008	104,555,325.09	CMS_WIRE_PAYEE_05618	LBHI
298	Counter	2790 JPMORGAN CHASE	S068183140A201	7/1/2008	400,000,000.00	CMS_WIRE_PAYEE_05693	LBHI
299	Counter	2790 JPMORGAN CHASE	S068228127CC01	8/15/2008	250,000,000.00	CMS_WIRE_PAYEE_05693	LBHI
300	Counter	2790 JPMORGAN CHASE	S06824626D3C01	9/2/2008	250,000,000.00	CMS_WIRE_PAYEE_05693	LBHI

**Appendix 2-D – Detailed Listing of Payments Selected for Analysis (Continued)**

Creditor			Payment	Legal			
Category	#	Creditor Name	Date	Amount Paid	Vendor ID	Entity	
301	Counter	2790 JPMORGAN CHASE	S06824712A6801	9/3/2008	100,000,000.00	CMS_WIRE_PAYEE_05693	LBHI
302	Counter	2796 JPMORGAN CHASE DEPOSIT ACCOUNT/B	S06824626DFC01	9/2/2008	100,000,000.00	CMS_WIRE_PAYEE_05704	LBHI
303	Counter	2797 JPMORGAN CHASE DEPOSIT ACCT/BNF/V	S06821415B9E01	8/1/2008	150,000,000.00	CMS_WIRE_PAYEE_05705	LBHI
304	Counter	2797 JPMORGAN CHASE DEPOSIT ACCT/BNF/V	S06824626DF901	9/2/2008	300,000,000.00	CMS_WIRE_PAYEE_05705	LBHI
305	Noted	2956 Lehman Brothers Inc.	S0681711598101	6/19/2008	1,500,000,000.00	CMS_WIRE_PAYEE_01688	LBHI
306	Noted	2956 Lehman Brothers Inc.	S0681711598001	6/19/2008	1,000,000,000.00	CMS_WIRE_PAYEE_01688	LBHI
307	Noted	2956 Lehman Brothers Inc.	S0681751550201	6/23/2008	1,249,832,500.00	CMS_WIRE_PAYEE_01688	LBHI
308	Noted	2956 Lehman Brothers Inc.	S0681781729D01	6/26/2008	1,000,000,000.00	CMS_WIRE_PAYEE_01688	LBHI
309	Noted	2956 Lehman Brothers Inc.	S0681821EBE601	6/30/2008	7,000,000,000.00	CMS_WIRE_PAYEE_01688	LBHI
310	Noted	2956 Lehman Brothers Inc.	S068182247FB01	6/30/2008	5,000,000,000.00	CMS_WIRE_PAYEE_01688	LBHI
311	Noted	2956 Lehman Brothers Inc.	S06818220F7501	6/30/2008	3,000,000,000.00	CMS_WIRE_PAYEE_01688	LBHI
312	Noted	2956 Lehman Brothers Inc.	S06818226CB401	6/30/2008	2,500,000,000.00	CMS_WIRE_PAYEE_01688	LBHI
313	Noted	2956 Lehman Brothers Inc.	S068182247FA01	6/30/2008	1,500,000,000.00	CMS_WIRE_PAYEE_01688	LBHI
314	Noted	2956 Lehman Brothers Inc.	S0681822741D01	6/30/2008	930,816,666.67	CMS_WIRE_PAYEE_01688	LBHI
315	Noted	2956 Lehman Brothers Inc.	S06818416DB201	7/2/2008	749,948,958.33	CMS_WIRE_PAYEE_01688	LBHI
316	Noted	2956 Lehman Brothers Inc.	S0681851487401	7/3/2008	1,404,906,250.00	CMS_WIRE_PAYEE_01688	LBHI
317	Noted	2956 Lehman Brothers Inc.	S06818514CFA01	7/3/2008	300,000,000.00	CMS_WIRE_PAYEE_01688	LBHI
318	Noted	2956 Lehman Brothers Inc.	S0681901272D01	7/8/2008	499,850,000.00	CMS_WIRE_PAYEE_01688	LBHI
319	Noted	2956 Lehman Brothers Inc.	S0681931370201	7/11/2008	2,000,000,000.00	CMS_WIRE_PAYEE_01688	LBHI
320	Noted	2956 Lehman Brothers Inc.	S06819313C8001	7/11/2008	100,000,000.00	CMS_WIRE_PAYEE_01688	LBHI
321	Noted	2956 Lehman Brothers Inc.	S0681971531301	7/15/2008	2,399,967,666.67	CMS_WIRE_PAYEE_01688	LBHI
322	Noted	2956 Lehman Brothers Inc.	S0681981499501	7/16/2008	299,830,972.22	CMS_WIRE_PAYEE_01688	LBHI
323	Noted	2956 Lehman Brothers Inc.	S0682061498101	7/24/2008	1,075,000,000.00	CMS_WIRE_PAYEE_01688	LBHI
324	Noted	2956 Lehman Brothers Inc.	S0682061498201	7/24/2008	1,000,000,000.00	CMS_WIRE_PAYEE_01688	LBHI
325	Noted	2956 Lehman Brothers Inc.	S06820614BDAA01	7/24/2008	225,000,000.00	CMS_WIRE_PAYEE_01688	LBHI
326	Noted	2956 Lehman Brothers Inc.	S068211143E201	7/29/2008	500,000,000.00	CMS_WIRE_PAYEE_01688	LBHI
327	Noted	2956 Lehman Brothers Inc.	S0682121596D01	7/30/2008	2,000,000,000.00	CMS_WIRE_PAYEE_01688	LBHI
328	Noted	2956 Lehman Brothers Inc.	S0682131617101	7/31/2008	4,000,000,000.00	CMS_WIRE_PAYEE_01688	LBHI
329	Noted	2956 Lehman Brothers Inc.	S0682131617201	7/31/2008	4,000,000,000.00	CMS_WIRE_PAYEE_01688	LBHI
330	Noted	2956 Lehman Brothers Inc.	S068213186C301	7/31/2008	2,000,000,000.00	CMS_WIRE_PAYEE_01688	LBHI
331	Noted	2956 Lehman Brothers Inc.	S0682131A5701	7/31/2008	1,133,082,222.23	CMS_WIRE_PAYEE_01688	LBHI
332	Noted	2956 Lehman Brothers Inc.	S0682131A0D301	7/31/2008	1,000,000,000.00	CMS_WIRE_PAYEE_01688	LBHI
333	Noted	2956 Lehman Brothers Inc.	S06821714C5B01	8/4/2008	869,798,475.00	CMS_WIRE_PAYEE_01688	LBHI
334	Noted	2956 Lehman Brothers Inc.	S0682181300E01	8/5/2008	1,899,884,444.44	CMS_WIRE_PAYEE_01688	LBHI
335	Noted	2956 Lehman Brothers Inc.	S068220141AA01	8/7/2008	100,000,000.00	CMS_WIRE_PAYEE_01688	LBHI
336	Noted	2956 Lehman Brothers Inc.	S06822512B2401	8/12/2008	1,000,000,000.00	CMS_WIRE_PAYEE_01688	LBHI
337	Noted	2956 Lehman Brothers Inc.	S06822613F4601	8/13/2008	999,943,611.11	CMS_WIRE_PAYEE_01688	LBHI
338	Noted	2956 Lehman Brothers Inc.	S0682281290301	8/15/2008	1,000,000,000.00	CMS_WIRE_PAYEE_01689	LBHI
339	Noted	2956 Lehman Brothers Inc.	S06823211F1B01	8/19/2008	2,000,000,000.00	CMS_WIRE_PAYEE_01688	LBHI
340	Noted	2956 Lehman Brothers Inc.	S06823211F1C01	8/19/2008	1,000,000,000.00	CMS_WIRE_PAYEE_01688	LBHI
341	Noted	2956 Lehman Brothers Inc.	S06823814E5501	8/25/2008	1,249,932,000.00	CMS_WIRE_PAYEE_01688	LBHI
342	Noted	2956 Lehman Brothers Inc.	S068241174A501	8/28/2008	3,000,000,000.00	CMS_WIRE_PAYEE_01688	LBHI
343	Noted	2956 Lehman Brothers Inc.	S068241168A301	8/28/2008	2,500,000,000.00	CMS_WIRE_PAYEE_01688	LBHI
344	Noted	2956 Lehman Brothers Inc.	S068241165F701	8/28/2008	2,000,000,000.00	CMS_WIRE_PAYEE_01688	LBHI
345	Noted	2956 Lehman Brothers Inc.	S068242190BC01	8/29/2008	5,000,000,000.00	CMS_WIRE_PAYEE_01688	LBHI
346	Noted	2956 Lehman Brothers Inc.	S06824219B9601	8/29/2008	3,000,000,000.00	CMS_WIRE_PAYEE_01688	LBHI
347	Noted	2956 Lehman Brothers Inc.	S068242190BD01	8/29/2008	2,000,000,000.00	CMS_WIRE_PAYEE_01688	LBHI
348	Noted	2956 Lehman Brothers Inc.	S0682421956501	8/29/2008	2,000,000,000.00	CMS_WIRE_PAYEE_01688	LBHI
349	Noted	2956 Lehman Brothers Inc.	S0682421A3BF01	8/29/2008	1,000,000,000.00	CMS_WIRE_PAYEE_01688	LBHI
350	Noted	2956 Lehman Brothers Inc.	S0682421A4BD01	8/29/2008	581,573,750.00	CMS_WIRE_PAYEE_01688	LBHI
351	Noted	2956 Lehman Brothers Inc.	S0682471377F01	9/3/2008	599,607,500.00	CMS_WIRE_PAYEE_01688	LBHI
352	Noted	2956 Lehman Brothers Inc.	S068252153DA01	9/8/2008	149,550,041.67	CMS_WIRE_PAYEE_01688	LBHI
353	Noted	2956 Lehman Brothers Inc.	1122900256JS	9/12/2008	\$407,300,000.00	CMS_WIRE_PAYEE_01688	LBOTC
354	Noted	2956 Lehman Brothers Inc.	6045100242JS	8/29/2008	\$675,600,000.00	CMS_WIRE_PAYEE_01688	LBOTC
355	Noted	2956 Lehman Brothers Inc.	7902800213JS	7/31/2008	\$733,800,000.00	CMS_WIRE_PAYEE_01688	LBOTC
356	Noted	3081 M AND I	S068184187E101	7/2/2008	150,000,000.00	CMS_WIRE_PAYEE_06925	LBHI
357	Noted	3081 M AND I	S0682001393D01	7/18/2008	150,000,000.00	CMS_WIRE_PAYEE_06925	LBHI
358	Noted	3081 M AND I	S06823914F0701	8/26/2008	150,000,000.00	CMS_WIRE_PAYEE_06925	LBHI
359	Noted	3082 M AND II01 HUDSON STREET23RD FLOO	S06817219E2F01	6/20/2008	150,000,000.00	CMS_WIRE_PAYEE_06924	LBHI
360	Noted	3082 M AND II01 HUDSON STREET23RD FLOO	S0682131A5FE01	7/31/2008	150,000,000.00	CMS_WIRE_PAYEE_06924	LBHI

**Appendix 2-D – Detailed Listing of Payments Selected for Analysis (Continued)**

Creditor				Payment Date	Amount Paid	Vendor ID	Legal Entity
Category	#	Creditor Name	Check/Wire #				
361	Noted	3082 M AND II01 HUDSON STREET23RD FLOO	S0682251332301	8/12/2008	150,000,000.00	CMS_WIRE_PAYEE_06924	LBHI
362	Noted	3082 M AND II01 HUDSON STREET23RD FLOO	S0682381552D01	8/25/2008	150,000,000.00	CMS_WIRE_PAYEE_06924	LBHI
363	Noted	3082 M AND II01 HUDSON STREET23RD FLOO	S0682471339D01	9/3/2008	150,000,000.00	CMS_WIRE_PAYEE_06924	LBHI
364	Noted	3429 MS INSTL LIQUIDITY FUNDS	S0681831557801	7/1/2008	150,000,000.00	CMS_WIRE_PAYEE_07619	LBHI
365	Noted	3429 MS INSTL LIQUIDITY FUNDS	S0681901229401	7/8/2008	250,000,000.00	CMS_WIRE_PAYEE_07619	LBHI
366	Noted	3429 MS INSTL LIQUIDITY FUNDS	S06819214EA201	7/10/2008	200,000,000.00	CMS_WIRE_PAYEE_07619	LBHI
367	Noted	3429 MS INSTL LIQUIDITY FUNDS	S06821415B9601	8/1/2008	300,000,000.00	CMS_WIRE_PAYEE_07619	LBHI
368	Noted	3429 MS INSTL LIQUIDITY FUNDS	S068228123A701	8/15/2008	150,000,000.00	CMS_WIRE_PAYEE_07619	LBHI
369	Noted	3429 MS INSTL LIQUIDITY FUNDS	S06822812A1001	8/15/2008	150,000,000.00	CMS_WIRE_PAYEE_07619	LBHI
370	Noted	3429 MS INSTL LIQUIDITY FUNDS	S0682331392401	8/20/2008	100,000,000.00	CMS_WIRE_PAYEE_07619	LBHI
371	Noted	3429 MS INSTL LIQUIDITY FUNDS	S06824626DF801	9/2/2008	200,000,000.00	CMS_WIRE_PAYEE_07619	LBHI
372	Noted	3429 MS INSTL LIQUIDITY FUNDS	S06824712A7001	9/3/2008	150,000,000.00	CMS_WIRE_PAYEE_07619	LBHI
373	Noted	3430 MS INSTL LIQUIDITY TRUST SUB ACCTRE	S06821415BAA01	8/1/2008	175,000,000.00	CMS_WIRE_PAYEE_07620	LBHI
374	Noted	3430 MS INSTL LIQUIDITY TRUST SUB ACCTRE	S06824626D3D01	9/2/2008	200,000,000.00	CMS_WIRE_PAYEE_07620	LBHI
375	Noted	3459 MUTUAL FUND SERVICES	S0681721869901	6/20/2008	325,000,000.00	CMS_WIRE_PAYEE_07671	LBHI
376	Noted	3459 MUTUAL FUND SERVICES	S0681721868801	6/20/2008	250,000,000.00	CMS_WIRE_PAYEE_07671	LBHI
377	Noted	3459 MUTUAL FUND SERVICES	S0681841732E01	7/2/2008	500,000,000.00	CMS_WIRE_PAYEE_07671	LBHI
378	Noted	3459 MUTUAL FUND SERVICES	S0681841732C01	7/2/2008	200,000,000.00	CMS_WIRE_PAYEE_07671	LBHI
379	Noted	3459 MUTUAL FUND SERVICES	S0681911138CC01	7/9/2008	150,000,000.00	CMS_WIRE_PAYEE_07671	LBHI
380	Noted	3459 MUTUAL FUND SERVICES	S0681921490501	7/10/2008	150,000,000.00	CMS_WIRE_PAYEE_07671	LBHI
381	Noted	3459 MUTUAL FUND SERVICES	S0681921490401	7/10/2008	100,000,000.00	CMS_WIRE_PAYEE_07671	LBHI
382	Noted	3462 MUTUAL FUNDS SRVCS/BNF/WATER FER	S06821414FDB01	8/1/2008	150,000,000.00	CMS_WIRE_PAYEE_07677	LBHI
383	Counter	3735 ONE WILLIAM STREET LB CAPITAL PRTS	S06818226CC701	6/30/2008	114,115,411.00	CMS_WIRE_PAYEE_08223	LBHI
384	Noted	4229 RBS	S0682141625D01	8/1/2008	500,000,000.00	CMS_WIRE_PAYEE_09258	LBHI
385	Noted	4229 RBS	S0682141626001	8/1/2008	400,000,000.00	CMS_WIRE_PAYEE_09258	LBHI
386	Noted	4233 RBS NY	S06821214D6901	7/30/2008	1,000,000,000.00	CMS_WIRE_PAYEE_09262	LBHI
387	Noted	4233 RBS NY	S06821813E7801	8/5/2008	600,000,000.00	CMS_WIRE_PAYEE_09262	LBHI
388	Noted	4233 RBS NY	S068219114D001	8/6/2008	500,000,000.00	CMS_WIRE_PAYEE_09262	LBHI
389	Noted	4233 RBS NY	S06823414A0401	8/21/2008	500,000,000.00	CMS_WIRE_PAYEE_09262	LBHI
390	Noted	4233 RBS NY	S068235116E901	8/22/2008	300,000,000.00	CMS_WIRE_PAYEE_09262	LBHI
391	Noted	4233 RBS NY	S0682462769201	9/2/2008	1,000,000,000.00	CMS_WIRE_PAYEE_09262	LBHI
392	Other	4815 SWAP COLLATERAL	4909000255JS	9/11/2008	4,306,504.00	CMS_WIRE_PAYEE_10381	LBSF
393	Noted	5286 WATER FERRY	S0681831557B01	7/1/2008	950,000,000.00	CMS_WIRE_PAYEE_11415	LBHI
394	Noted	5286 WATER FERRY	S06821415E7101	8/1/2008	950,000,000.00	CMS_WIRE_PAYEE_11415	LBHI
395	Noted	5286 WATER FERRY	S06824626D3F01	9/2/2008	950,000,000.00	CMS_WIRE_PAYEE_11415	LBHI
396	Noted	5287 WATER FERRY/bnf/reserve liquidity perform	S0681831557901	7/1/2008	200,000,000.00	CMS_WIRE_PAYEE_11414	LBHI
397	Noted	5287 WATER FERRY/bnf/reserve liquidity perform	S06821415E7001	8/1/2008	200,000,000.00	CMS_WIRE_PAYEE_11414	LBHI
398	Noted	5287 WATER FERRY/bnf/reserve liquidity perform	S06824626D3E01	9/2/2008	200,000,000.00	CMS_WIRE_PAYEE_11414	LBHI
399	Noted	5289 WATERFERRY	S0681971491D01	7/15/2008	950,000,000.00	CMS_WIRE_PAYEE_11419	LBHI
400	Noted	5443 X	S0681781020C01	6/26/2008	187,238,142.34	CMS_WIRE_PAYEE_11723	LBHI
401	Noted	5443 X	S0681830C4A901	7/1/2008	139,525,000.00	CMS_WIRE_PAYEE_11723	LBHI
402	Noted	5443 X	S0681891DD5C01	7/7/2008	200,000,000.00	CMS_WIRE_PAYEE_11723	LBHI
403	Noted	5443 X	S0682120E45B01	7/30/2008	119,408,894.10	CMS_WIRE_PAYEE_11723	LBHI
404	Noted	5443 X	S0682200C9ED01	8/7/2008	347,937,760.55	CMS_WIRE_PAYEE_11723	LBHI
405	Noted	5443 X	S0682320C13601	8/19/2008	184,277,093.72	CMS_WIRE_PAYEE_11723	LBHI
406	Noted	5443 X	S0682410F85901	8/28/2008	401,410,600.00	CMS_WIRE_PAYEE_11723	LBHI
407	Noted	5443 X	S0682540C84F01	9/10/2008	124,678,213.34	CMS_WIRE_PAYEE_11723	LBHI
<b>Sum of Payments Selected for Analysis</b>					<b>\$ 156,942,509,648</b>		
<b>Total Count of Payments Selected for Analysis</b>					<b>407</b>		

## Appendix 2-E – Detailed Listing of Additional Payments Selected for Analysis

The following table represents the additional nine payments selected for analysis. This sample was selected from the approximately \$33 billion of payments which were omitted from SOFA Schedules 3b due to missing beneficiary data.

Creditor			Payment ID	Date	Amount Paid	Bank Reference Number	Legal Entity
# *	Category	# **					
408	Counter	n/a	CITIBANK N.A.	D00005483399	9/4/2008	361,950,000.00	7879300248JS LBSF
409	Counter	n/a	CITIBANK N.A.	D00005509191	9/8/2008	508,130,000.00	1988400252FS LBSF
410	Counter	n/a	CITIGROUP FINANCIAL PRODUCTS INC.	D00005330830	8/18/2008	137,111,517.37	0574300231JS LBSF
411	Noted	n/a	DEUTSCHE BANK AG	D00005110493	7/24/2008	159,240,000.00	5082900206JS LBSF
412	Noted	n/a	DEUTSCHE BANK AG	D00005113710	7/24/2008	159,240,000.00	6231200206JS LBSF
413	Noted	n/a	DEUTSCHE BANK AG	D00005049855	7/17/2008	479,700,000.00	8069700199JS LBSF
414	Noted	n/a	DEUTSCHE BANK AG	D00005364550	8/21/2008	586,760,000.00	4108000234FS LBSF
415	Noted	n/a	DEUTSCHE BANK AG	D00005209812	8/4/2008	100,000,000.00	9858200217JS LBSF
416	Counter	n/a	JPMORGAN CHASE BANK, N.A.	D00005210182	8/4/2008	156,190,000.00	9858400217JS LBSF
<b>Sum of Payments Selected for Analysis</b>						<b>\$ 2,648,321,517</b>	
<b>Total Count of Payments Selected for Analysis</b>						<b>9</b>	

Notes to table:

\* Numbering continued from Appendix D.

\*\* Creditor numbers for the additional payments were not available to Duff & Phelps.

**Exhibit 3 - Review of Certain Pledged Collateral Accounts at JPMorgan  
Summary**

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# Listing of Collateral Identified as Pledged to JPMorgan by LBHI or LCPI

Collateral Pledged as of September 12, 2008

#	Security Description	CUSIP	Asset Type	Lehman Account at JPMorgan <span style="color: red;">{d}</span>	Original or Trade Par Amount	Executed Trade Price Range (Sep 1, 2007 - Sep 19, 2008)			Note <span style="color: red;">{a}</span>
						Low	High	% Variance	
<b>Pledged by LBHI</b>									
1.	C/P Fenway Funding LLC	31465DJR6	ABCP	LCE	\$ 1,001,300,000	2.95	2.95	-	
2.	C/P Fenway Funding LLC	31465DJQ8	ABCP	LCE	1,001,200,000	2.95	2.95	-	
3.	C/P Fenway Funding LLC	31465DP00	ABCP	LCE	1,001,100,000	2.95	2.95	-	
4.	Pine CCS Ltd	722490AA7	ABS	LCE	1,025,000,000	95.00	100.00	5.00	<span style="color: red;">{b}</span>
5.	Spruce CCS Ltd.	852079AB8	ABS	LCE	1,384,050,000	95.00	100.00	5.00	
6.	Verano CCS Ltd.	92336PAA4	ABS	LCE	1,352,600,000	99.25	99.25	-	
Subtotal for LBHI					<u>\$ 6,765,250,000</u>				
<b>Pledged by LCPI</b>									
7.	A-Pq Cayman Partners, L.P.	APQCAYMAN	Corp	Unavailable	\$ 41,633,014	100.00	100.00	-	
8.	Delta Topco Limited	WE370	Corp	Unavailable	627,966,263	N/A	N/A	N/A	
9.	H2008-3 Cayman Partner LP (Bain)	H20083FRN	Corp	Unavailable	172,876,141	100.00	100.00	-	<span style="color: red;">{c}</span>
10.	HD Supply Inc	40415RAC9	Corp	LSD	81,455,477	58.45	84.56	26.12	<span style="color: red;">{e}</span>
11.	Kingfisher CLO Limited	49567YAA5	ABS	LCD	960,000,000	94.50	101.25	6.75	<span style="color: red;">{e}</span>
12.	Pine CCS Ltd	722490AB5	ABS	Unavailable	488,600,000	100.00	100.00	-	
13.	Pine CCS Ltd	722490AE9	ABS	Unavailable	246,000,000	100.00	100.00	-	
14.	Pine CCS Ltd	722490AD1	ABS	Unavailable	132,400,000	100.00	100.00	-	
15.	Pq/Hds Cayman P-A LP (Carlyle)	PQHDSFRNA	Corp	Unavailable	78,162,508	100.00	100.00	-	<span style="color: red;">{c}</span>
16.	R3 Junior Note	R3JNRNOTE	Note	Unavailable	272,591,489	24.70	112.04	87.34	
17.	SASCO 2008-C2	78403WAA6	CMO	LCD	600,000,000	91.00	100.00	9.00	<span style="color: red;">{e}</span>
18.	SASCO 2008-C2 Ps	78403W207	CMO	Unavailable	1,384,909,548	88.23	88.23	-	
19.	Spruce CCS Ltd.	852079AC6	ABS	Unavailable	168,700,000	100.00	100.00	-	
20.	Verano CCS Ltd.	92336PAC0	ABS	Unavailable	270,500,000	100.00	100.00	-	
Subtotal for LCPI					<u>\$ 5,525,794,440</u>				
<b>Total</b>									
<b>\$ 12,291,044,440</b>									

*Sources: Collateral Pledged to JPMorgan for Intraday as of 9/12/2008 COB [LBEX-AM 047008]; Collateral Pledged to JPMorgan for Intraday as of 9/12/2008 COB [LBEX-WGM 784606]; JPMorgan "Account Statements" [LBEX-LL 1108987]; and MTS.*

## Notes

{a} Duff & Phelps traced all trading activity for the presented CUSIPs for the period of September 1, 2007 - September 19, 2008. Presented are the respective high and low price points for all trades of the presented CUSIPs during the period analyzed. Excluding pricing for trades that appear to represent the origination of the securities (trades between the Trustee of the corresponding securitization vehicle to a Lehman entity for \$0.00 in principal value), the findings illustrate that pricing for two (2) CUSIPs varied by an amount greater than 10%, one (1) of which varied by an amount greater than 30% during the period analyzed. The detailed trading history for each CUSIP is presented in **Tables 1-20**.

{b} For the purpose of this analysis, Duff & Phelps located two schedules, both labeled "Collateral Pledged to JPM for Intraday as of 9/12/2008 COB." The schedules differed in two ways: (1) the classification of certain ABS collateral varied between LCPI and LBHI ; and (2) the schedule provided by A&M (*see* Collateral Pledged to JPMorgan for Intraday as of 9/12/2008 COB [LBEX-AM 047008]) includes Pine CCS Ltd CUSIP 722490AA7 (par amount of \$1,025,000,000) on the list of collateral pledged by LBHI.

The trade data for this Pine CCS security indicate that virtually all of the par value of the amount presented at September 12, 2008 was on repo to LBI (all but \$4.5m), and therefore appears unavailable to LBHI to be pledged to JPMorgan. In a call with Jason Haggins and Lizette Martinez from A&M on November 2, 2009, Duff & Phelps was told that this CUSIP was excluded from A&M's list of securities pledged to JPMorgan at September 12, 2008. In addition, a review of the identified securities transferred to Barclays as a part of the sale include this CUSIP in the exact same par amount that was on Repo to LBI, indicating that the amounts were available to LBI on September 19, 2008 (*see* Schedule A Final Spreadsheet [LBEX-AM 007527]; Schedule B Final Spreadsheet [LBEX-AM 008114]; Letter from Lindsey Granfield, Clearly, Gottlieb, Stein & Hamilton LLP, to The Honorable James M. Peck, re: In re Lehman Brothers Inc., Case No. 08-01420 (JMP) SIPA (Dec. 5, 2008) [BCI-EX-00077244]). See supporting trade detail in **Table 4**.

{c} The trade data for these securities indicate that the CUSIPs were **not** present in sufficient quantity to be pledged to JPMorgan at September 12, 2008 in the quantities presented in the source schedule. See detailed trading history for these CUSIPs in **Table 9** and **Table 15**.

{d} Lehman received account statements for September 12, 2008 from JPMorgan for the LCE, LCD and LSD accounts (*see* JPMorgan "Account Statements" [LBEX-LL 1108987]). Using these statements, Duff & Phelps traced the CUSIPs to the respective accounts, as available. Duff & Phelps requested additional account data to trace the remaining securities; however, no additional information has been provided. In a call with Jason Haggins and Lizette Martinez from A&M on November 2, 2009, Duff & Phelps was told that A&M has been unable to locate JPMorgan account information for the CUSIPs that were not traced back to one of the three listed accounts (LCE, LCD, and LSD). A&M was able to track the missing securities mentioned above to the MTS report titled "Free Collateral Report" (*see* "Free Collateral Report" (9/12/2008) [LBEX-LL 2061374]).

{e} Regarding the highlighted cells, the LCD and LSD accounts were identified by JPMorgan as LBI clearing accounts. See "JPMorgan's Responses to Examiner's First Set of Questions re Lehman/JPM Accounts & Collateral dated September 3, 2009" for discussion regarding JPMorgan's designated "ownership" of the Lehman accounts at JPMorgan. This understanding conflicts with the presented data that identifies certain securities as being pledged by LCPI (Kingfisher, SASCO 2008-C2, and HD Supply Inc.).

A review of the JPMorgan account statements for the LCD and LSD accounts for a sample of the trade dates involving the Kingfisher, SASCO 2008-C2, and/or HD Supply Inc securities indicate that the LCD and LSD accounts were consistently used. It appears that, although MTS identified LCPI as the legal entity involved in certain trades, the securities were held in an LBI accounts at JPMorgan.

## Lehman Trading History for CUSIP 31465DJR6 (Fenway) - Pledged Security to JPMorgan by LBHI or LCPI

Trading Period from September 1, 2007 to September 19, 2008

## All Lehman Trades for CUSIP 31465DJR6 (Fenway):

*Source: Mainframe Trading System (MTS)*

## Notes:

{a} The trade data for this security indicate that the CUSIP was available in sufficient quantity to be pledged to JPMorgan at September 12, 2008 in the quantities presented in the source schedule.

**{b}** Typically the executed trade price is presented as a percentage of the original par amount. For example, if par = 1,000,000 and the executed trade price was 95, the trade principal amount would be 950,000 ( $95\% * 1,000,000$ ). As a result, the pricing for this CUSIP appears unusual. However, based upon conversations with knowledgeable personnel, we understand that in trades involving commercial paper (which is the case with Fenway), that the executed trade price presented may represent the effective yield (in this case 2.95%). Given the consistency of the pricing for all presented trades, this explanation appears reasonable.

## Lehman Trading History for CUSIP 31465DJQ8 (Fenway) - Pledged Security to JPMorgan by LBHI or LCPI

Trading Period from September 1, 2007 to September 19, 2008

### All Lehman Trades for CUSIP 31465DJQ8 (Fenway):

*Source: Mainframe Trading System (MTS)*

## Notes:

**{a}** The trade data for this security indicate that the CUSIP was available in sufficient quantity to be pledged to JPMorgan at September 12, 2008 in the quantities presented in the source schedule.

**{b}** Typically the executed trade price is presented as a percentage of the original par amount. For example, if par = 1,000,000 and the executed trade price was 95, the trade principal amount would be 950,000 ( $95\% * 1,000,000$ ). As a result, the pricing for this CUSIP appears unusual. However, based upon conversations with knowledgeable personnel, we understand that in trades involving commercial paper (which is the case with Fenway), that the executed trade price presented may represent the effective yield (in this case 2.95%). Given the consistency of the pricing for all presented trades, this explanation appears reasonable.

TABLE 2

## Lehman Trading History for CUSIP 31465DJP0 (Fenway) - Pledged Security to JPMorgan by LBHI or LCPI

Trading Period from September 1, 2007 to September 19, 2008

## All Lehman Trades for CUSIP 31465DJP0 (Fenway):

*Source: Mainframe Trading System (MTS)*

#### **Notes:**

{a} The trade data for this security indicate that the CUSIP was available in sufficient quantity to be pledged to JPMorgan at September 12, 2008 in the quantities presented in the source schedule.

**{b}** Typically the executed trade price is presented as a percentage of the original par amount. For example, if par = 1,000,000 and the executed trade price was 95, the trade principal amount would be 950,000 ( $95\% * 1,000,000$ ). As a result, the pricing for this CUSIP appears unusual. However, based upon conversations with knowledgeable personnel, we understand that in trades involving commercial paper (which is the case with Fenway), that the executed trade price presented may represent the effective yield (in this case 2.95%). Given the consistency of the pricing for all presented trades, this explanation appears reasonable.

TABLE 3

# Lehman Trade History for CUSIP 722490AA7 (Pine) - Pledged Security to JPMorgan by LBHI or LCPI

Trading Period from September 1, 2007 to September 19, 2008

## All Lehman Trades for CUSIP 722490AA7 (Pine):

Purchasing or Reverse Repo Entity	Selling or Repo Entity	Trade Type	Trade Principal Amount	Trade Par Amount	Trade Original Par Amount <a href="#">[a]</a>	Executed Trade Price	Trade Date	Repo Closing Date
LBI	LBHI	Repo Trade	\$ 873,966,733	\$ 919,964,982	\$ 1,020,500,000	95.00	9/12/2008	9/15/2008 <a href="#">[b]</a>
LBHI	LCPI	Principal Trade	119,375,000	125,000,000	125,000,000	95.50	8/8/2008	N/A
LBHI	LCPI	Principal Trade	859,500,000	900,000,000	900,000,000	95.50	8/8/2008	N/A
LBI	LCPI	Repo Trade	48,305,000	48,305,000	50,000,000	100.00	7/11/2008	7/31/2008
LBI	LCPI	Repo Trade	50,000,000	50,000,000	50,000,000	100.00	7/11/2008	7/31/2008
LBI	LCPI	Repo Trade	50,000,000	50,000,000	50,000,000	100.00	7/11/2008	7/31/2008
LBI	LCPI	Repo Trade	50,000,000	50,000,000	50,000,000	100.00	7/11/2008	7/31/2008
LBI	LCPI	Repo Trade	50,000,000	50,000,000	50,000,000	100.00	7/11/2008	7/31/2008
LBI	LCPI	Repo Trade	50,000,000	50,000,000	50,000,000	100.00	7/11/2008	7/31/2008
LBI	LCPI	Repo Trade	50,000,000	50,000,000	50,000,000	100.00	7/11/2008	7/31/2008
LBI	LCPI	Repo Trade	50,000,000	50,000,000	50,000,000	100.00	7/11/2008	7/31/2008
LBI	LCPI	Repo Trade	50,000,000	50,000,000	50,000,000	100.00	7/11/2008	7/31/2008
LBI	LCPI	Repo Trade	50,000,000	50,000,000	50,000,000	100.00	7/11/2008	7/31/2008
LBI	LCPI	Repo Trade	50,000,000	50,000,000	50,000,000	100.00	7/11/2008	7/31/2008
LBI	LCPI	Repo Trade	50,000,000	50,000,000	50,000,000	100.00	7/11/2008	7/31/2008
LBI	LCPI	Repo Trade	50,000,000	50,000,000	50,000,000	100.00	7/11/2008	7/31/2008
LBI	LCPI	Repo Trade	50,000,000	50,000,000	50,000,000	100.00	7/11/2008	7/31/2008
LBI	LCPI	Repo Trade	50,000,000	50,000,000	50,000,000	100.00	7/11/2008	7/31/2008
LBI	LCPI	Repo Trade	50,000,000	50,000,000	50,000,000	100.00	7/11/2008	7/31/2008
LBI	LCPI	Repo Trade	50,000,000	50,000,000	50,000,000	100.00	7/11/2008	7/31/2008
LCPI	LCPI	Principal Trade	125,000,000	125,000,000	125,000,000	100.00	5/29/2008	N/A
LCPI	LCPI	Principal Trade	900,000,000	919,964,982	1,020,500,000	100.00	5/29/2008	N/A
LBI	US Bank	Principal Trade	-	900,000,000	900,000,000	0.00	5/27/2008	N/A <a href="#">[c]</a>
LBI	US Bank	Principal Trade	-	125,000,000	125,000,000	0.00	5/27/2008	N/A <a href="#">[c]</a>

Source: Mainframe Trading System (MTS)

### Notes

[\[a\]](#) The trade data for this Pine CCS security illustrate that the majority the original par value (all but \$4.5m) of the amount presented at September 12, 2008 was on repo to LBI, and therefore appears unavailable to LBHI to be pledged to JPMorgan. In a call with Jason Haggins and Lizette Martinez from A&M on November 2, 2009, Duff & Phelps was told that this CUSIP was excluded from A&M's list of securities pledged to JPMorgan at September 12, 2008. In addition, a review of the identified securities transferred to Barclays as a part of the sale include this CUSIP in the exact same par amount, indicating that the amounts were available to LBI on September 19, 2008. See highlighted cells for key trades.

[\[b\]](#) The trade principal amount divided by the original par balance does not equal the price due to write-downs/principal payments to the par balance (Dan Fleming's schedule uses the original par balance). The actual par balance traded on the trade flagged above was approximately \$920 million. Duff & Phelps presents the original par balance here to correspond with Dan Fleming's schedule.

[\[c\]](#) Trade principal amounts of zero appear to be the result of the trades involving the origination of the securities (trades between the Trustee of the corresponding securitization vehicle to a Lehman entity for \$0.00 in principal value).

TABLE 4

## Lehman Trading History for CUSIP 852079AB8 (Spruce) - Pledged Security to JPMorgan by LBHI or LCPI

Trading Period from September 1, 2007 to September 19, 2008

### All Lehman Trades for CUSIP 852079AB8 (Spruce):

*Source: Mainframe Trading System (MTS)*

## Notes:

**[a]** The trade data for this security indicate that the CUSIP was available in sufficient quantity to be pledged to JPMorgan at September 12, 2008 in the quantities presented in the source schedule. See highlighted cells for key trades.

**(b)** The trade principal amount divided by the original par balance does not equal the price due to write-downs/principal payments to the par balance (Dan Fleming's schedule uses the original par balance). The actual par balances traded on the two trades flagged above were approximately \$310 million (\$400 million in original par balance) and approximately \$580 million (\$900 million in original par balance). Duff & Phelps presents the original par balance here to correspond with Dan Fleming's schedule.

**(c)** Trade principal amounts of zero appear to be the result of the trades involving the origination of the securities (trades between the Trustee of the corresponding securitization vehicle to a Lehman entity for \$0.00 in principal value).

TABLE 5

**Lehman Trading History for CUSIP 92336PAA4 (Verano) - Pledged Security to JPMorgan by LBHI or LCPI**

Trading Period from September 1, 2007 to September 19, 2008

**All Lehman Trades for CUSIP 92336PAA4 (Verano):**

Purchasing or Reverse Repo Entity	Selling or Repo Entity	Trade Type	Trade Principal Amount	Trade Par Amount	Trade Original Par Amount <b>{a}</b>	Executed Trade Price	Trade Date	Repo Closing Date
LBHI	LCPI	Principal Trade	\$ 449,205,500	\$ 452,600,000	\$ 452,600,000	99.25	8/8/2008	N/A
LBHI	LCPI	Principal Trade	893,250,000	900,000,000	900,000,000	99.25	8/8/2008	N/A
LCPI	LBI	Principal Trade	452,600,000	452,600,000	452,600,000	100.00	7/24/2008	N/A
LCPI	LBI	Principal Trade	900,000,000	900,000,000	900,000,000	100.00	7/24/2008	N/A
LBI	US Bank	Principal Trade	-	452,600,000	452,600,000	0.01	7/24/2008	N/A
LBI	US Bank	Principal Trade	-	900,000,000	900,000,000	0.01	7/24/2008	N/A <b>{b}</b>

Source: Mainframe Trading System (MTS)

**Notes:**

**{a}** The trade data for this security indicate that the CUSIP was available in sufficient quantity to be pledged to JPMorgan at September 12, 2008 in the quantities presented in the source schedule. See highlighted cells for key trades.

**{b}** Trade principal amounts of zero appear to be the result of the trades involving the origination of the securities (trades between the Trustee of the corresponding securitization vehicle to a Lehman entity for \$0.00 in principal value).

**TABLE 6**

Lehman Historical for Product ID APQCAYMAN (Carlyle) - Pledged Security to JPMorgan by LBHI or  
LCPI

Trading Period from September 1, 2007 to September 19, 2008

All Lehman Trades for Product ID APQCAYMAN (Carlyle):

Purchasing or Reverse Repo Entity	Selling or Repo Entity	Trade Type	Trade Principal Amount	Trade Par Amount	Trade Original Par Amount <span style="color:red">(a)</span>	Executed Trade Price	Trade Date	Repo Closing Date
Carlyle Group	LCPI	Principal Trade	\$ 553,795	\$ 553,795	N/A	100.00	9/5/2008	N/A
Carlyle Group	LCPI	Principal Trade	216,892	216,892	N/A	100.00	9/5/2008	N/A
Carlyle Group	LCPI	Principal Trade	554,889	554,889	N/A	100.00	9/3/2008	N/A
Carlyle Group	LCPI	Principal Trade	586,893	586,893	N/A	100.00	8/5/2008	N/A
Carlyle Group	LCPI	Principal Trade	2,778	2,778	N/A	100.00	7/9/2008	N/A
Carlyle Group	LCPI	Principal Trade	868,960	868,960	N/A	100.00	7/9/2008	N/A
LCPI	Carlyle Group	Principal Trade	42,500,000	42,500,000	N/A	100.00	7/3/2008	N/A
LCPI	Carlyle Group	Principal Trade	41,437,500	41,437,500	N/A	100.00	6/19/2008	N/A

Source: Mainframe Trading System (MTS)

**Notes:**

(a) The trade data for this security indicate that the CUSIP was available in sufficient quantity to be pledged to JPMorgan at September 12, 2008 in the quantities presented in the source schedule.

TABLE 7

Lehman Trading History for Product ID WE370 (Delta Topco) - Pledged Security to JPMorgan by LBHI  
or LCPI

Trading Period from September 1, 2007 to September 19, 2008

All Lehman Trades for Product ID WE370 (Delta Topco):

Purchasing or Reverse Repo Entity	Selling or Repo Entity	Trade Type	Trade Principal Amount	Trade Par Amount	Trade Original Par Amount {a}	Executed Trade Price	Trade Date	Repo Closing Date
LCPI	Lehman Orig.	Principal Trade	\$ 73,956,701	\$ 552,823,297	N/A	13.38	1/18/2008	N/A
LCPI	Lehman Orig.	Principal Trade	-	75,142,966	N/A	0.00	1/18/2008	N/A

Source: Mainframe Trading System (MTS)

Notes:

{a} The trade data for this security indicate that the CUSIP was available in sufficient quantity to be pledged to JPMorgan at September 12, 2008 in the quantities presented in the source schedule.

{b} Trade principal amounts of zero appear to be the result of the trades involving the origination of the securities (trades between the Trustee of the corresponding securitization vehicle to a Lehman entity for \$0.00 in principal value).

TABLE 8

Lehman Trading History for Product ID H20083FRN (Bain) - Pledged Security to JPMorgan by LBHI  
or LCPI

Trading Period from September 1, 2007 to September 19, 2008

All Lehman Trades for Product ID H20083FRN (Bain):

Purchasing or Reverse Repo Entity	Selling or Repo Entity	Trade Type	Trade Principal Amount	Trade Par Amount	Trade Original Par Amount {a}	Executed Trade Price	Trade Date	Repo Closing Date
Bain Capital Inc.	LCPI	Principal Trade	\$ 15,821,797	\$ 15,821,797	N/A	100.00	9/5/2008	N/A
LCPI	Bain Capital Inc.	Principal Trade	172,876,141	172,876,141	N/A	100.00	6/27/2008	N/A

Source: Mainframe Trading System (MTS)

Notes:

{a} The trade data for this security indicate that the CUSIP was **not** available in sufficient quantity to be pledged to JPMorgan at September 12, 2008 in the quantity presented in the source schedule. The shortfall results from a sale to Bain Capital, Inc of the CUSIP on 9/5/2008 (par value of \$15,821,797).

TABLE 9

Lehman Trading History for CUSIP 40415RAC9 (HD Supply) - Pledged Security to JPMorgan by LBHI or LCPI

Trading Period from September 1, 2007 to September 19, 2008

All Lehman Trades for CUSIP 40415RAC9 (HD Supply):

Purchasing or Reverse Repo Entity	Selling or Repo Entity	Trade Type	Trade Principal Amount	Trade Par Amount	Trade Original Par Amount [a]	Executed Trade Price	Trade Date	Repo Closing Date
LBI	LBI	Repo Trade	\$ 6,153,558	\$ 10,528,802	\$ 10,528,802	58.45	9/15/2008	9/15/2008
LBI	LBI	Repo Trade	6,153,558	10,528,802	10,528,802	58.45	9/12/2008	9/15/2008
LBI	LBI	Repo Trade	6,153,558	10,528,802	10,528,802	58.45	9/11/2008	9/12/2008
LBI	LBI	Repo Trade	6,153,558	10,528,802	10,528,802	58.45	9/10/2008	9/11/2008
LBI	LBI	Repo Trade	6,153,558	10,528,802	10,528,802	58.45	9/9/2008	9/10/2008
LBI	LBI	Repo Trade	6,153,558	10,528,802	10,528,802	58.45	9/8/2008	9/9/2008
LBI	LBI	Repo Trade	2,940,110	5,030,558	5,030,558	58.45	9/5/2008	9/8/2008
LBI	LBI	Repo Trade	-	5,498,244	5,498,244	-	9/5/2008	9/8/2008
LBI	LBI	Repo Trade	3,127,045	5,030,558	5,030,558	62.16	9/4/2008	9/5/2008
LBHI	LBI	Repo Trade	50,306	5,030,558	5,030,558	1.00	9/4/2008	9/4/2008
LBHI	LBI	Principal Trade	-	5,030,558	5,030,558.00	0.00	9/3/2008	N/A
LBI	Lehman Orig.	Principal Trade	-	3,464,253	3,464,253	0.00	9/3/2008	N/A
LBI	Lehman Orig.	Principal Trade	-	1,566,305	1,566,305	0.00	9/3/2008	N/A
LCPI	LBI	Repo Trade	64,349,827	81,455,477	81,455,477.00	79.00	7/18/2008	Open
LCPI	LBI	Repo Trade	182,849,827	231,455,477	231,455,477	79.00	7/18/2008	7/21/2008
LBI	LBI	Principal Trade	112,500,000	150,000,000	150,000,000	75.00	7/16/2008	N/A
LBI	LBI	Repo Trade	109,215	165,477	165,477	66.00	7/2/2008	Open
LBI	LBI	Repo Trade	182,849,827	231,455,477	231,455,477	79.00	7/2/2008	7/2/2008
LBI	LBI	Repo Trade	109,215	165,477	165,477	66.00	7/1/2008	7/2/2008
LBI	LBI	Repo Trade	109,215	165,477	165,477	66.00	6/30/2008	7/1/2008
LBHI	LBI	Repo Trade	109,215	165,477	165,477	66.00	6/30/2008	7/1/2008
LCPI	LBI	Repo Trade	183,147,675	231,290,000	231,290,000	79.19	6/27/2008	7/2/2008
LBI	LBI	Principal Trade	173,467,500	231,290,000	231,290,000	75.00	6/25/2008	N/A
LCPI	LBHI	Repo Trade	366,426,385	462,745,477	462,745,477	79.19	5/28/2008	6/27/2008
LBHI	LCPI	Repo Trade	366,426,385	462,745,477	462,745,477	79.19	5/28/2008	5/28/2008
LCPI	LBI	Repo Trade	366,426,385	462,745,477	462,745,477	79.19	3/14/2008	5/28/2008
LCPI	LBI	Repo Trade	366,426,385	433,333,000	433,333,000	84.56	2/7/2008	3/14/2008
LCPI	LBI	Repo Trade	342,939,736	433,333,000	433,333,000	79.14	2/5/2008	2/7/2008
LCPI	LBI	Repo Trade	342,939,736	433,333,000	433,333,000	79.14	2/4/2008	2/5/2008
LCPI	LBI	Repo Trade	342,939,736	433,333,000	433,333,000	79.14	2/1/2008	2/1/2008
LBHI	LBI	Principal Trade	366,426,385	433,333,000	433,333,000	84.56	2/1/2008	N/A
LBI	LBI	Principal Trade	366,426,385	433,333,000	433,333,000	84.56	2/1/2008	N/A
LBHI	LBI	Principal Trade	366,426,385	433,333,000	433,333,000	84.56	1/31/2008	N/A
LCPI	LBI	Repo Trade	366,426,385	433,333,000	433,333,000	84.56	1/31/2008	2/1/2008
LCPI	LBI	Repo Trade	366,426,385	433,333,000	433,333,000	84.56	1/30/2008	1/30/2008
LBI	Lehman Orig.	Principal Trade	366,426,385	433,333,000	433,333,000	84.56	1/30/2008	N/A
LBI	Lehman Orig.	Principal Trade	-	433,333,000	433,333,000	84.56	1/30/2008	N/A

Source: Mainframe Trading System (MTS)

Notes:

[a] The trade data for this security indicate that the CUSIP was available in sufficient quantity to be pledged to JPMorgan at September 12, 2008 in the quantities presented in the source schedule. See highlighted cells for key trades.

[b] Trade principal amounts of zero appear to be the result of the trades involving the origination of the securities (trades between the Trustee of the corresponding securitization vehicle to a Lehman entity for \$0.00 in principal value) or the result of trades occurring between accounts of the same legal entity.

[c] Trade principal amounts of 1% of par appears to be questionable given the executed prices for the other repo trades executed. However, since the repo trade was fully consummated by September 9, 2008.

[d] The price executed for this trade of 0% (\$0 principal balance) was unusual since the trade occurred between two separate legal entities. Since LBI was the originator of this security, the trade resembles the characteristics of an originated transfer. However, given the focus of this analysis was determine if the balance of the securities was sufficient to cover the amount pledged to JPMorgan, Duff & Phelps has not performed any additional analysis on this trade.

TABLE 10

Lehman Trading History for CUSIP 49567YAA5 (Kingfisher CLO) - Pledged Security to JPMorgan by  
LBHI or LCPI

Trading Period from September 1, 2007 to September 19, 2008

All Lehman Trades for CUSIP 49567YAA5 (Kingfisher CLO):

Purchasing or Reverse Repo Entity	Selling or Repo Entity	Trade Type	Trade Principal Amount	Trade Par Amount	Trade Original Par Amount <b>(a)</b>	Executed Trade Price	Trade Date	Repo Closing Date
LCPI	LBHI	Repo Trade	\$ 971,972,686	\$ 960,000,000	\$ 960,000,000	101.25	9/15/2008	Open
LCPI	LBHI	Repo Trade	971,529,253	960,000,000	960,000,000	101.20	9/12/2008	9/15/2008
LCPI	LBHI	Repo Trade	971,381,442	960,000,000	960,000,000	101.19	9/11/2008	9/12/2008
LCPI	LBHI	Repo Trade	971,233,631	960,000,000	960,000,000	101.17	9/10/2008	9/11/2008
LCPI	LBHI	Repo Trade	971,085,820	960,000,000	960,000,000	101.15	9/9/2008	9/10/2008
LCPI	LBHI	Repo Trade	970,938,009	960,000,000	960,000,000	101.14	9/8/2008	9/9/2008
LCPI	LBHI	Repo Trade	970,494,576	960,000,000	960,000,000	101.09	9/5/2008	9/8/2008
LCPI	LBHI	Repo Trade	970,346,765	960,000,000	960,000,000	101.08	9/4/2008	9/5/2008
LCPI	LBHI	Repo Trade	970,198,954	960,000,000	960,000,000	101.06	9/3/2008	9/4/2008
LCPI	LBHI	Repo Trade	970,051,143	960,000,000	960,000,000	101.05	9/2/2008	9/3/2008
LCPI	LBHI	Repo Trade	969,607,711	960,000,000	960,000,000	101.00	8/29/2008	9/2/2008
LCPI	LBHI	Repo Trade	802,833,979	795,000,000	795,000,000	100.99	8/28/2008	8/29/2008
LBHI	Citibank	Principal Trade	-	97,120,000	97,120,000	0.00	8/27/2008	N/A
LCPI	LBHI	Repo Trade	802,711,574	795,000,000	795,000,000	100.97	8/27/2008	8/28/2008
LBHI	LCPI	Principal Trade	67,657,275	71,595,000	71,595,000	94.50	8/8/2008	N/A
LBHI	LCPI	Principal Trade	16,348,500	17,300,000	17,300,000	94.50	8/8/2008	N/A
LBHI	LCPI	Principal Trade	91,778,400	97,120,000	97,120,000	94.50	8/8/2008	N/A
LBHI	LCPI	Principal Trade	40,267,395	42,611,000	42,611,000	94.50	8/8/2008	N/A
LBHI	LCPI	Principal Trade	391,819,680	414,624,000	414,624,000	94.50	8/8/2008	N/A
LBHI	LCPI	Principal Trade	143,403,750	151,750,000	151,750,000	94.50	8/8/2008	N/A
LCPI	LBI	Principal Trade	795,000,000	795,000,000	795,000,000	100.00	6/24/2008	N/A
LBI	Citibank	Principal Trade	-	795,000,000	795,000,000	0.00	6/23/2008	N/A

Source: Mainframe Trading System (MTS)

Notes:

**(a)** The trade data for this security indicate that the CUSIP was available in sufficient quantity to be pledged to JPMorgan at September 12, 2008 in the quantities presented in the source schedule. See highlighted cells for key trade.

**(b)** Trade principal amounts of zero appear to be the result of the trades involving the origination of the securities (trades between the Trustee of the corresponding securitization vehicle to a Lehman entity for \$0.00 in principal value).

TABLE 11

Lehman Trade History for CUSIP 722490AB5 (Pine) - Pledged Security to JPMorgan by LBHI or LCPI  
 Trading Period from September 1, 2007 to September 19, 2008

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All Lehman Trades involving CUSIP 722490AB5 (Pine):

Purchasing or Reverse Repo Entity	Selling or Repo Entity	Trade Type	Trade Principal Amount	Trade Par Amount	Trade Original Par Amount <b>{a}</b>	Executed Trade Price	Trade Date	Repo Closing Date
LBI	LBI	Principal Trade	\$ -	N/A	\$ 488,600,000	100.00	5/29/2008	N/A <b>{b}</b>
LCPI	LCPI	Principal Trade	-	N/A	488,600,000	100.00	5/29/2008	N/A <b>{b}</b>
LBI	US Bank	Principal Trade	-	N/A	488,600,000	0.00	5/27/2008	N/A <b>{b}</b>

Source: Mainframe Trading System (MTS)

Notes:

**{a}** The trade data for this security indicate that the CUSIP was available in sufficient quantity to be pledged to JPMorgan at September 12, 2008 in the quantities presented in the source schedule.

**{b}** Trade principal amounts of zero appear to be the result of the trades involving the origination of the securities (trades between the Trustee of the corresponding securitization vehicle to a Lehman entity for \$0.00 in principal value) or the result of trades occurring between accounts of the same legal entity.

TABLE 12

**Lehman Trading History for CUSIP 722490AE9 (Pine) - Pledged Security to JPMorgan by LBHI or LCPI**

Trading Period from September 1, 2007 to September 19, 2008

**All Lehman Trades involving CUSIP 722490AE9 (Pine):**

Purchasing or Reverse Repo Entity	Selling or Repo Entity	Trade Type	Trade Principal Amount	Trade Par Amount	Trade Original Par Amount {a}	Executed Trade Price	Trade Date	Repo Closing Date
LBI	LBI	Principal Trade	\$ 31,611,000	\$ 31,611,000	\$ 246,000,000	100.00	5/30/2008	N/A {b}
LCPI	LCPI	Principal Trade	31,611,000	31,611,000	246,000,000	100.00	5/30/2008	N/A {b}
LCPI	LCPI	Principal Trade	24,600,000	24,600,000	246,000,000	100.00	5/30/2008	N/A {b}
LBI	LBI	Principal Trade	24,600,000	24,600,000	246,000,000	100.00	5/30/2008	N/A {b}
LBI	LBI	Principal Trade	24,600,000	24,600,000	246,000,000	100.00	5/27/2008	N/A {b}
LCPI	LCPI	Principal Trade	24,600,000	24,600,000	246,000,000	100.00	5/27/2008	N/A {b}
LBI	US Bank	Principal Trade	-	31,611,000	246,000,000	0.00	5/27/2008	N/A {c}

Source: Mainframe Trading System (MTS)

**Notes:**

**{a}** The trade data for this security indicate that the CUSIP was available in sufficient quantity to be pledged to JPMorgan at September 12, 2008 in the quantities presented in the source schedule. See highlighted cells for key trade.

**{b}** For all trades with a trade principal amount greater than zero, the trade principal amount divided by the original par balance does not equal the price due to write-downs/principal payments to the par balance (Dan Fleming's schedule uses the original par balance). The actual par balance traded on the trades flagged above were equal to the trade principal amounts for each of the trades. Duff & Phelps presents the original par balance here to correspond with Dan Fleming's schedule.

**{c}** Trade principal amount of zero appears to be the result of the trade involving the origination of the security (trade between the Trustee of the corresponding securitization vehicle to a Lehman entity for \$0.00 in principal value).

**TABLE 13**

**Lehman Trading History for CUSIP 722490AD1 (Pine) - Pledged Security to JPMorgan by LBHI or LCPI**

Trading Period from September 1, 2007 to September 19, 2008

**All Lehman Trades involving CUSIP 722490AD1 (Pine):**

Purchasing or Reverse Repo Entity	Selling or Repo Entity	Trade Type	Trade Principal Amount	Trade Par Amount	Trade Original Par Amount <span style="color: red;">{a}</span>	Executed Trade Price	Trade Date	Repo Closing Date
LCPI	LCPI	Principal Trade	\$ -	N/A	\$ 132,400,000	100.00	5/27/2008	N/A <span style="color: red;">{b}</span>
LBI	LBI	Principal Trade	\$ -	N/A	\$ 132,400,000	100.00	5/27/2008	N/A <span style="color: red;">{b}</span>
LBI	US Bank	Principal Trade	\$ -	N/A	\$ 132,400,000	0.00	5/27/2008	N/A <span style="color: red;">{b}</span>

*Source: Mainframe Trading System (MTS)*

**Notes:**

**{a}** The trade data for this security indicate that the CUSIP was available in sufficient quantity to be pledged to JPMorgan at September 12, 2008 in the quantities presented in the source schedule.

**{b}** Trade principal amounts of zero appear to be the result of the trades involving the origination of the securities (trades between the Trustee of the corresponding securitization vehicle to a Lehman entity for \$0.00 in principal value) or the result of trades occurring between accounts of the same legal entity.

**TABLE 14**

Lehman Trading History for CUSIP PQHDSFRNA (Carlyle) - Pledged Security to JPMorgan by LBHI  
or LCPI

Trading Period from September 1, 2007 to September 19, 2008

All Lehman Trades for Product ID PQHDSFRNA (Carlyle):

Purchasing or Reverse Repo Entity	Selling or Repo Entity	Trade Type	Trade Principal Amount	Trade Par Amount	Trade Original Par Amount {a}	Executed Trade Price	Trade Date	Repo Closing Date
Carlyle Group	LCPI	Principal Trade	\$ 7,125,185	\$ 7,125,185	N/A	100.00	9/5/2008	N/A
LCPI	Carlyle Group	Principal Trade	78,162,508	78,162,508	N/A	100.00	6/27/2008	N/A

Source: Mainframe Trading System (MTS)

Notes:

{a} The trade data for this security indicate that the CUSIP was **not** available in sufficient quantity to be pledged to JPMorgan at September 12, 2008 in the quantity presented in the source schedule. The shortfall results from a sale to Carlyle Group of the CUSIP on 9/5/2008 (par value of \$7,125,185).

Lehman Trading History for Product ID R3JNRNOTE (R3 Note) - Pledged Security to JPMorgan by LBHI or LCPI  
 Trading Period from September 1, 2007 to September 19, 2008

All Lehman Trades for Product ID R3JNRNOTE (R3 Note):

Purchasing or Reverse Repo Entity	Selling or Repo Entity	Trade Type	Trade ID	Trade Principal Amount	Trade Par Amount	Trade Original Par Amount <sup>(a)</sup>	Executed Trade Price	Trade Date	Repo Closing Date
LCPI	R3 Capital Management, LP	Reverse Repo	8SLUSU0	\$ 111,139,812	\$ 450,000,000	N/A	24.70	8/27/2008	Open
LCPI	R3 Capital Management, LP	Reverse Repo	8LME1T0	196,139,812	450,000,000	N/A	43.59	8/21/2008	8/27/2008
LCPI	R3 Capital Management, LP	Reverse Repo	7UMNMU0	196,139,812	450,000,000	N/A	43.59	7/29/2008	8/21/2008
LCPI	R3 Capital Management, LP	Reverse Repo	7GMLLT0	196,924,544	450,000,000	N/A	43.76	7/16/2008	7/29/2008
LCPI	R3 Capital Management, LP	Reverse Repo	7GM18R0	196,791,819	450,000,000	N/A	43.73	7/16/2008	7/16/2008
LCPI	R3 Capital Management, LP	Reverse Repo	7FMHTN0	196,924,544	450,000,000	N/A	43.76	7/15/2008	7/16/2008
LCPI	R3 Capital Management, LP	Reverse Repo	78LRHT0	197,350,664	450,000,000	N/A	43.86	7/8/2008	7/15/2008
LCPI	R3 Capital Management, LP	Reverse Repo	6K03990	198,765,430	450,000,000	N/A	44.17	6/20/2008	7/8/2008
LCPI	R3 Capital Management, LP	Reverse Repo	6JM05U0	198,765,430	177,408,511	N/A	112.04	6/19/2008	6/20/2008
LCPI	R3 Capital Management, LP	Reverse Repo	6D03000	188,765,403	177,408,511	N/A	106.40	6/16/2008	6/19/2008
LCPI	R3 Capital Management, LP	Reverse Repo	6D03002	188,765,430	177,408,511	N/A	106.40	6/13/2008	6/16/2008
LCPI	R3 Capital Management, LP	Reverse Repo	62M2GS0	169,765,430	177,408,511	N/A	95.69	6/2/2008	6/13/2008
LCPI	R3 Capital Management, LP	Reverse Repo	5VN17P0	168,867,598	177,408,511	N/A	95.19	5/30/2008	6/2/2008
LCPI	R3 Capital Management, LP	Reverse Repo	5U02C50	177,408,511	177,408,511	N/A	100.00	5/29/2008	5/30/2008

Source: Mainframe Trading System (MTS)

Notes:

<sup>(a)</sup> The trade data for this security indicate that the CUSIP was available in sufficient quantity to be pledged to JPMorgan at September 12, 2008 in the quantities presented in the source schedule. See highlighted cells for key trade.

TABLE 16

Lehman Trading History for CUSIP 78403WAA6 (SASCO) - Pledged Security to JPMorgan by LBHI or LCPI

Trading Period from September 1, 2007 to September 19, 2008

All Lehman Trades for CUSIP 78403WAA6 (SASCO):

Purchasing or Reverse Repo Entity	Selling or Repo Entity	Trade Type	Trade Principal Amount	Trade Par Amount	Trade Original Par Amount <a href="#">(a)</a>	Executed Trade Price	Trade Date	Repo Closing Date
LBI	LCPI	Repo Trade	\$ 1,176,204,598	\$ 1,176,204,597	\$ 1,450,000,000	100.00	8/27/2008	Open
LBI	LCPI	Repo Trade	545,000,000	545,000,000	545,000,000	100.00	7/15/2008	7/31/2008
LBI	LCPI	Repo Trade	19,000,000	20,000,000	20,000,000	95.00	6/17/2008	7/23/2008
LBI	LCPI	Repo Trade	330,000,000	330,000,000	330,000,000	100.00	5/30/2008	7/21/2008
LBI	LCPI	Repo Trade	200,200,000	220,000,000	220,000,000	91.00	5/30/2008	7/23/2008
LCPI	LBI	Principal Trade	245,000,000	250,000,000	250,000,000	98.00	5/22/2008	N/A
LCPI	LBI	Principal Trade	882,000,000	900,000,000	900,000,000	98.00	5/22/2008	N/A
LCPI	LBI	Principal Trade	882,000,000	900,000,000	900,000,000	98.00	5/22/2008	N/A
LBI	Lehman Orig.	Principal Trade	245,000,000	250,000,000	250,000,000	98.00	5/22/2008	N/A
LBI	Lehman Orig.	Principal Trade	882,000,000	900,000,000	900,000,000	98.00	5/22/2008	N/A
LBI	Lehman Orig.	Principal Trade	882,000,000	900,000,000	900,000,000	98.00	5/22/2008	N/A

Source: Mainframe Trading System (MTS)

Notes:

[\(a\)](#) The trade data for this security indicate that the CUSIP was available in sufficient quantity to be pledged to JPMorgan at September 12, 2008 in the quantities presented in the source schedule. See further detail regarding the available quantity for each legal entity below:

Calculation of Quantity Available to Pledge	LBI	LCPI
Purchased	2,050,000,000	2,050,000,000
Plus: Open Reverse Repo at 9/12/08	1,450,000,000	0
Less: Sold	(2,050,000,000)	0
Less: Open Repo at 9/12/08	0	(1,450,000,000)
<b>Total</b>	<b>1,450,000,000</b>	<b>600,000,000</b>
Amount Pledged (per source documents)	600,000,000	600,000,000
<b>Surplus/(Deficit)</b>	<b>850,000,000</b>	<b>0</b>

TABLE 17

Lehman Trading History for CUSIP 78403W207 (SASCO) - Pledged Security to JPMorgan by LBHI or LCPI

Trading Period from September 1, 2007 to September 19, 2008

All Lehman Trades involving CUSIP 78403W207 (SASCO):

Purchasing or Reverse Repo Entity	Selling or Repo Entity	Trade Type	Trade Principal Amount	Trade Par Amount	Trade Original Par Amount <b>{a}</b>	Executed Trade Price	Trade Date	Repo Closing Date
LCPI	LBI	Principal Trade	\$ 1,221,905,694	\$ 1,384,909,548	\$ 1,384,909,548	88.23	5/22/2008	N/A
LBI	Lehman Orig.	Principal Trade	1,221,905,694	1,384,909,548	1,384,909,548	88.23	5/22/2008	N/A

Source: Mainframe Trading System (MTS)

Notes:

**{a}** The trade data for this security indicate that the CUSIP was available in sufficient quantity to be pledged to JPMorgan at September 12, 2008 in the quantities presented in the source schedule.

Lehman Trading History for CUSIP 852079AC6 (Spruce) - Pledged Security to JPMorgan by LBHI or LCPI

Trading Period from September 1, 2007 to September 19, 2008

All Lehman Trades for CUSIP 852079AC6 (Spruce):

Purchasing or Reverse Repo Entity	Selling or Repo Entity	Trade Type	Trade Principal Amount	Trade Par Amount	Trade Original Par Amount <span style="color:red">{a}</span>	Executed Trade Price	Trade Date	Repo Closing Date
LCPI	LBI	Principal Trade	\$ 168,700,000	\$ 168,700,000	\$ 168,700,000	100.00	4/28/2008	N/A
LBI	US Bank	Principal Trade	-	168,700,000	168,700,000	3.00	4/28/2008	N/A <span style="color:red">{b}</span>

Source: Mainframe Trading System (MTS)

Notes:

{a} The trade data for this security indicate that the CUSIP was available in sufficient quantity to be pledged to JPMorgan at September 12, 2008 in the quantities presented in the source schedule.

{b} Trade principal amounts of zero appear to be the result of the trades involving the origination of the securities (trades between the Trustee of the corresponding securitization vehicle to a Lehman entity for \$0.00 in principal value).

TABLE 19

Lehman Trading History for CUSIP 92336PAC0 (Verano) - Pledged Security to JPMorgan by LBHI or LCPI

Trading Period from September 1, 2007 to September 19, 2008

All Lehman Trades for CUSIP 92336PAC0 (Verano):

Purchasing or Reverse Repo Entity	Selling or Repo Entity	Trade Type	Trade Principal Amount	Trade Par Amount	Trade Original Par Amount <span style="color:red">{a}</span>	Executed Trade Price	Trade Date	Repo Closing Date
LCPI	LBI	Principal Trade	\$ 270,500,000	\$ 270,500,000	\$ 270,500,000	100.00	7/24/2008	N/A
LBI	US Bank	Principal Trade	-	270,500,000	270,500,000	0.00	7/24/2008	N/A <span style="color:red">{b}</span>

Source: Mainframe Trading System (MTS)

Notes:

{a} The trade data for this security indicate that the CUSIP was available in sufficient quantity to be pledged to JPMorgan at September 12, 2008 in the quantities presented in the source schedule.

{b} Trade principal amounts of zero appear to be the result of the trades involving the origination of the securities (trades between the Trustee of the corresponding securitization vehicle to a Lehman entity for \$0.00 in principal value).

#### **Exhibit 4 - APB Fields of Interest**

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#### **Exhibit 4 - APB Fields of Interest**

<b>Descriptive Name</b>	<b>APB Field</b>	<b>Name Field Description</b>
Trade Type	TRD_TY	Trade types include principal trades, agency trades, cross trades, repos, reverse repos, etc.
Asset Type	SEC_DEF_TY	Asset types include stocks, bonds, U.S. Treasuries, asset backed securities, etc.
Product Short Description	PR_SHRT_DSC	Additional detail regarding the asset (e.g., company name and maturity for a corporate bond).
Product Description	PR_DSC	Additional detail regarding the asset (e.g., company name and maturity for a corporate bond).
CUSIP	CUSIP	The 9-character alphanumeric code which uniquely identifies most North American securities.
Buy or Sell	B_S_CD	Denotes whether Lehman is entering a trade from the buy or sell side.
Net Amount	USD_NET_AMT	Principal value of a trade (i.e., the original amount of the investment.)
Trade Quantity	TRD_QTY	Number of units traded (e.g., number of shares of stock involved in an equity trade).
Price (% of 100)	TRD_USD_PRC_AMT	Net USD trade amount divided by quantity traded.
Trade Date	TRD_DT	Date that the trade was entered into (i.e., the date that the parties agreed to do a trade).
Trade Book Date	TRD_BK_DT	Date that the trade was booked into the system.
Trade Settle Date	TRD_SETL_DT	Date that the trade is settled (i.e., the date that the parties exchange assets).
Trade Status	TRD_STAT	Indicates whether the trade is new, cancelled, or corrected.
Trade Description 1	TRD_DSC1	Additional detail regarding the trade (e.g., trade was 'unsolicited').
Trade Description 2	TRD_DSC2	Additional detail regarding the trade (e.g., trade was 'unsolicited').

**Exhibit 5 - APB Trade Types**

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## Exhibit 5 - APB Trade Types

Descriptive Name (a)	APB Code	Field Description
Agency Trade	AC	A trade between an Lehman customer and a third-party, where the trade goes through Lehman (i.e. securities are removed from and/or added to Lehman's inventory) but is not with Lehman (i.e. Lehman acts strictly as a middle party and assumes no risk).
Bonds Borrowed	BB or BM	A type of loan wherein U.S. Treasuries or U.S. Government Agency Securities are received as collateral and a premium is paid by the borrower.
Bonds Pledged	BP or PM	The reverse side of Bonds Pledged trade.
Buy/Sell Back	BS	A combination of two distinct trades where Party A simultaneously buys a security from Party B and enters into a forward contract to sell the security back to Party B; serves a similar purpose for Party A as a reverse repo.
Collateral Pledge	CP	A trade where Party A lends funds to Party B, who secures the loan by pledging other assets (i.e., by providing other assets as collateral).
Cross Trade	AC	A trade between two Lehman customers, where the trade goes through Lehman (i.e. securities are removed from and/or added to Lehman's inventory) but is not with Lehman (i.e., Lehman acts strictly as a middle-man and takes on no risk).
Loan vs. Cash	LK	"Loan vs. Cash" Trades represent trades in which securities are loaned to a counterparty as collateral in return for cash. However, unlike "Repo Trades" and "Reverse Repo" trades, where the direction of the cash and security transfers is clear based upon the trade description, "Loan vs. Cash" trades can go either way (i.e., there is no "Reverse Loan vs. Cash" trade).
Principal Trade	PR	A party purchases or sells a security on a secondary market for its own inventory, thus taking on the risk associated with the trade.
Repo	RE	In a repurchase agreement ("repo") Party A sells a security to Party B for a predetermined period of time, after which Party A buys it back from Party B at a predetermined price; repos are a way for Party A to borrow funds using the traded security as collateral.
Reverse Repo	RR	In a reverse repurchase agreement ("reverse repo") Party A buys a security from Party B for a predetermined period of time, after which Party A sells it back to Party B at a predetermined price; reverse repos are a way for Party A to lend funds and hold the traded security as collateral.
Sell Buyback	SB	A combination of two distinct trades where Party A simultaneously sells a security to Party B and enters into a forward contract to repurchase the security from Party B at a later date; serves a similar purpose for Party A as a classic repo.
TBA or Unlisted	TB	TB can have one of two meanings in the APB database. TBA Trades relate to government agency mortgage backed securities in what is referred to as the "TBA market." The term "TBA" is derived from the fact that the actual mortgage-backed security that will be delivered to fulfill a TBA Trade is not designated at the time the trade is made. The securities are "to be announced" 48 hours prior to the established trade settlement date. Unlisted Option Trades relate to option contracts (i.e., Put/Call) in which the contract is not exchange traded.

Notes:

- (a) All the above trade types were illustrated from Lehman's perspective (e.g., a Repo Trade to a counterparty is illustrated as a Reverse Repo Trade to Lehman).

## **Exhibit 6 - APB Asset Types**

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## Exhibit 6 - APB Asset Types

Category	APB Asset Type		Asset Type Description
	Code(s)	Descriptive Name	
[NULL]	[NULL]	No Asset Type	Coded No Asset Type Coded.
CMO	CMO	Collateralized Mortgage Obligation	A type of mortgage-backed security; bonds that represent claims to specific cash flows from large pools of home mortgages.
CMO	CMOIO	Collateralized Mortgage Obligation - Interest Only	A type of mortgage-backed security; bonds that represent claims to specific cash flows from large pools of home mortgages, where the specific cash flows are the interest payments made by the homeowner.
CMO	CMOPO	Collateralized Mortgage Obligation - Principal Only	A type of mortgage-backed security; bonds that represent claims to specific cash flows from large pools of home mortgages, where the specific cash flows are the principal payments made by the homeowner.
CMO	CMOPI	Collateralized Mortgage Obligation	A type of mortgage-backed security; bonds that represent claims to specific cash flows from large pools of home mortgages, where the specific cash flows are the principal and interest payments made by the homeowner. This is identical to a CMO.
CMO	CMOWI	Collateralized Mortgage Obligation - When Issued	A type of mortgage-backed security; bonds that represent claims to specific cash flows from large pools of home mortgages, that have been authorized but not issued.
Commercial Paper	COMPAPER	Commercial Paper Debt Security	An unsecured, short-term debt instrument issued by a corporation.
Common Stock	CLASS	Common Stock of a Company with Multiple Classes of Stock	Common Stock of a Company with Multiple Classes of Stock.
Common Stock	COMMON	Common Stock	A type of security that represents ownership in a corporation; holders of common stock can exercise control by electing a board of directors and voting on corporate policy, but receive their funds after preferred stock holders, bondholders, etc. in the case of bankruptcy.
Common Stock	ETF	Exchange Traded Fund	A security that tracks an index, commodity, etc. like an index fund, but trades like a stock on an exchange.
Common Stock	UNITEQTY	Shares of a Mutual Fund or Similar Security	Shares of a mutual fund or similar security.
Corporate Bonds	ASSETBK	Asset-Backed Security	A type of security that is backed by loans, leases or receivables against assets (other than real-estate and mortgage-backed securities, which are called MBS and CMO, respectively); serves a purpose similar to corporate debt.
Corporate Bonds	CBOND	Corporate Bond	A type of debt security where the authorized issuer (a corporation) owes the holders a debt and commits to pay interest and/or to repay the principal at fixed intervals.
Corporate Bonds	CBONDNCV	Convertible Corporate Bond	A type of bond which can be converted into the company's equity, typically an option of the bondholder.

## Exhibit 6 - APB Asset Types

Category	APB Asset Type		Asset Type Description
	Code(s)	Descriptive Name	
Corporate Debt Security	MEDNOTE	Medium-term corporate debt security.	Medium-term corporate debt security.
Corporate Debt Security	MEDTERM	Medium-term corporate debt security.	Medium-term corporate debt security.
European Corporate Debt Security	EURO	European Corporate Security	A debt security issued by a European corporation.
European Corporate Debt Security	EUROCD	European Commercial Deposit	A debt security issued by a European corporation.
European Corporate Debt Security	EUROCP	European Commercial Paper	An unsecured, short-term debt instrument issued by a corporation.
European Corporate Debt Security	EUROFRN	European Floating Rate Note	A bond with a variable interest rate, which is usually tied to a LIBOR or a certain money-market index.
European Corporate Security	NONUSSEC	Non-U.S. Common Stock	A type of security that represents ownership in a non-U.S. corporation; holders of common stock can exercise control by electing a board of directors and voting on corporate policy, but receive their funds after preferred stock holders, bondholders, etc. in the case of bankruptcy.
Financing Trade	COLLATRL	Collateral Trade where an asset is held in collateral by an entity.	The trade was typically a Repo Trade and the underlying asset was a near-cash security.
Financing Trade	FUNDING	Funding	A trade that involved cash or bank lines of credit.
Foreign Corporate Debt	CFGN	Foreign Corporate Debt	Debt issuance by a non-U.S. corporation.
Foreign Corporate Debt	NONUSCB	Non-U.S. Corporate Bond	Debt securities issued by non-US corporations.
Foreign Gov't Bonds	BOND	Bond	A type of debt security where the authorized issuer owes the holders a debt and commits to pay interest and/or to repay the principal at fixed intervals.
Foreign Gov't Bonds	BTF	French Treasury Securities	BTANs are fungible French treasury notes with maturities of two and five years and a coupon paid annually.
Foreign Gov't Bonds	NONUSGOV	Non-U.S. Government Bond	A type of debt security where the authorized issuer (a foreign government) owes the holders a debt and commits to pay interest and/or to repay the principal at fixed intervals.
Foreign Gov't Bonds	UNITCORP	Foreign Gov't Bonds	Debt securities issued by non-US governments.
GILT (UK Gov't Bond)	GILT	U.K. Government Bond	UK government debt issued by the Bank of England.
Government Agency Securities	DISCAGCY	Government Agency Security	Securities, typically bonds, which are issued by a U.S. government-sponsored agency (Fannie Mae, Freddie Mac, Ginnie Mae, etc.); while these securities enjoy an "implicit guarantee," they are not backed by the "full faith and credit" of the U.S. government.
Government Agency Securities	GOVAGNCY	Government Agency Security	Securities, typically bonds, which are issued by a U.S. government-sponsored agency (FannieMae, Freddie Mac, Ginnie Mae, etc.); while these securities enjoy an "implicit guarantee," they are not backed by the "full faith and credit" of the U.S. government.

## Exhibit 6 - APB Asset Types

Category	APB Asset Type		
	Code(s)	Descriptive Name	Asset Type Description
Government Agency Securities	FHLMC	Freddie Mac Security	Securities, typically bonds, which are issued by Freddie Mac, the U.S. government-sponsored agency; while these securities enjoy an "implicit guarantee," they are not backed by the "full faith and credit" of the U.S. government.
Government Agency Securities	FNMA	Fannie Mae Security	Securities, typically bonds, which are issued by Fannie Mae, the U.S. government-sponsored agency; while these securities enjoy an "implicit guarantee," they are not backed by the "full faith and credit" of the U.S. government.
Government Agency Securities	GNMA	Ginnie Mae Security	Securities, typically bonds, which are issued by Ginnie Mae, the U.S. government-sponsored agency; while these securities enjoy an "implicit guarantee," they are not backed by the "full faith and credit" of the U.S. government.
Government Agency Securities	GNMA2	Ginnie Mae Security	Securities, typically bonds, which are issued by Ginnie Mae, the U.S. government-sponsored agency; while these securities enjoy an "implicit guarantee," they are not backed by the "full faith and credit" of the U.S. government.
Government Agency Securities	STRIP	Form of gov't agency security	Interest or principal only government agency securities.
Miscellaneous	OPTBOND	Derivative Bond Security	A derivative security granting the holder of the security the right but not the obligation to purchase a bond within a certain time frame.
Miscellaneous	RANGE	Miscellaneous Debt Security	Miscellaneous debt security.
Miscellaneous	MLP	Master Limited Partnership	MLP is a limited partnership that is publicly traded on a securities exchange. It combines the tax benefits of a limited partnership with the liquidity of publicly traded securities.
Miscellaneous	RIGHT	Equity Rights	A derivative security that entitles the right holder to purchase securities (usually stock) from the issuer at a specific price within a certain time frame.
Miscellaneous	WARRANT	Warrants	A derivative security that entitles the warrant holder to purchase securities (usually stock) from the issuer at a specific price within a certain time frame.
Municipal Debt Security	MUNIMM	Municipal Bonds	A bond issued by a municipality, i.e. a city or other local government, or their agencies; bond payments may be general obligations of the issuer or secured by specified revenues.
Municipal Debt Security	MUBOND	Municipal Bonds	A bond issued by a municipality, i.e. a city or other local government, or their agencies; bond payments may be general obligations of the issuer or secured by specified revenues.
Municipal Debt Security	MUNICIPL	Municipal Bonds	A bond issued by a municipality, i.e. a city or other local government, or their agencies; bond payments may be general obligations of the issuer or secured by specified revenues.
Municipal Debt Security	MUNIFLT	Municipal Bonds - Floating Rate Notes	A bond issued by a municipality, i.e. a city or other local government, or their agencies; bond payments may be general obligations of the issuer or secured by specified revenues. These bonds have variable rate notes usually tied to the LIBOR rate.
Preferred Stock	PREFCONV	Convertible Preferred Stock	A type of preferred stock which can be converted into the company's common stock.

## Exhibit 6 - APB Asset Types

Category	APB Asset Type		
	Code(s)	Descriptive Name	Asset Type Description
Preferred Stock	PREFERRED	Preferred Stock	A form of corporate ownership which has a higher claim on the assets and earnings than common stock but does not have voting rights; is generally entitled to a dividend that must be paid out before dividends to common stockholders can be paid.
Real Estate Investment Trust	REIT	Real Estate Investment Trust	A security that sells on major exchanges, like common stock, but invests in real estate directly.
U.S. Treasury Security	STRPCLIP	U.S. Treasury Strip	Bond, usually issued by the U.S. Treasury, whose two components, interest and repayment of principal, are separated and sold individually as zero-coupon bonds. Strip is an acronym for Separate Trading of Registered Interest and Principal of Securities.
U.S. Treasury Security	TRIPARTY	Tri-party Repo Agreement Trade	Tri-party Repo agreement where two parties go through an intermediary to complete a repo trade.
U.S. Treasury Security	USTBIL	U.S. Treasury Bills	U.S. federal government debt issued by the Department of the Treasury.
U.S. Treasury Security	USTRES	U.S. Treasury Bonds	U.S. Treasury Bonds and Bills whose interest and principal portions of the security have been separated, or "stripped"; the interest and principal portions are then sold separately (in units of \$1000 face value) in the secondary market.

**Exhibit 7 - One William Street Capital Management LP: APB Trade Review**

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## EXHIBIT 7

**SUBJECT:** Findings re: Avoidance Analysis – APB Approach for Trades with One William Street Capital Management LP

### **Executive Summary**

One William Street Capital Management LP (“OWS”) entered into approximately 50 trades having principal balances greater than zero (\$0.00) with Lehman between August 1, 2008 and September 19, 2008. Duff & Phelps reviewed these trades using the Activity Positions & Balances (“APB”) database. After the initial review, Duff & Phelps flagged nine (9) “Principal Trades” for further review based on the trade review procedures set forth below.

### **Trading Partner Background**

OWS is a privately owned hedge fund sponsor based in New York. OWS was selected for this analysis due to the high number of trades related to illiquid assets with Lehman. See **Appendix A-4** for a full list of the selected trading partners.

### **Trade Review**

Duff & Phelps segmented the trading activity based upon Asset Type and selected certain trades for further review as discussed below:

1. Segmented the trades based on the trade type (see **Appendix A-1** and **Appendix A-2** for additional details):

Type	Number of Trades
Agency Trades <sup>1</sup>	2
Principal Trades	25
Repos Trades	20
Reverse Repo Trades	3

2. Eliminated trades from further consideration due to one or more of the following characteristics. Eliminated trades are not presented in this memorandum.
  - a. Trade was cancelled;
  - b. Trade occurred on an exchange with high visibility and liquidity (mitigating the risk of mispricing);
  - c. Reverse Repos Trades that were settled prior to the bankruptcy date (i.e., OWS returned the borrowed cash and took possession of the underlying assets);
  - d. Trade was an Agency Trade where it appears that Lehman was acting on behalf of a client (i.e., Lehman’s net position unaffected by such trades), and thus, not likely avoidable;
  - e. Trade was a Repo Trade where Lehman would be the borrower of funds;
  - f. Trade was an Agency Trade where Lehman was acting on behalf of a client (i.e., Lehman’s net position unaffected by such trades);
  - g. Trade involved highly liquid securities; and
  - h. Trade principal amount was less than \$1 million.

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<sup>1</sup> Agency Trades represent trades in which Lehman acted as an agent where the transfer occurred between a Lehman broker/dealer customer and a third-party. As a result, such trades did not get selected for further investigation for the purpose of this analysis.

## **Findings and Pricing Analysis**

Of the 50 trades between Lehman and OWS between August 1, 2008 and September 19, 2008 with principal amounts greater than zero (\$0.00): nine (9) Principal Trades remained for further analysis.<sup>2</sup>

### *1. Principal Trades (9)*

- a. Seven (7) of the remaining Principal Trades between Lehman and OWS involved the purchase or sale of illiquid assets relating to MBS not executed via an exchange or clearing house (which would mitigate the risk of mispricing). These types of trades are relevant to this analysis as risk exists that the trades could have been executed at prices that did not reflect the economic value of the security exchanged, potentially causing economic harm to the Estate.
- b. Two (2) of the remaining principal trades of “Whole Loans” were marked exactly at par, which appears unusual. However, the transactions offset one other (i.e., the two trades resulted in net cash flow or net position changes of \$0.00), which may make further investigation unwarranted. See **Appendix A-3** for additional details of these trades.
- c. Pricing Analysis: See Exhibit 21 for the pricing analysis performed on these nine (9) trades.

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<sup>2</sup> Of the trade types selected for additional review, no Reverse Repo Trades remained as all trades were fully consummated prior to the bankruptcy date.

**Count of Trades Between Lehman and OWS by Trade and Asset Type**  
 Trades Booked Between August 1, 2008 and September 19, 2008

**Appendix A-1 - Count of Trades Between Lehman and OWS by Trade and Asset Type**

**OWS Trade Count for Trades Having a Principal Value Greater than \$0.00**

**August 1, 2008 - September 19, 2008**

**Count of Individual Trades**

<b>Asset Type</b>	<i>Trade Types</i>					<b>Grand Total</b>
	<b>Agency Trades (a)</b>	<b>Principal Trades (a)</b>	<b>Reverse Repo (a)</b>	<b>Repo</b>		
Asset Back Security		3	3			6
Collateralized Mortgage Obligation	2	20				22
Collateral					7	7
Held in Custody					13	13
Whole Loan		2				2
Grand Total	2	25	3	20		50

**Notes**

*Source: APB database, initially accessed September 23, 2009.*

*Based on the characteristics of the highlighted trades additional analysis appears warranted.*

(a) See Appendix A-2 for additional details regarding the Principal and Reverse Repo trades.

**USD Volume of Trades Between Lehman and OWS by Trade and Asset Type**  
 Trades Booked Between August 1, 2008 and September 19, 2008

**Appendix A-2**

**OWS Principal \$USD Volume for Selected Trade Types**

**August 1, 2008 - September 19, 2008**

**Value in \$ Millions**

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Asset Type	Principal Trades (a)		Reverse Repo (b)		Grand Total
	Buy	Sell	Buy	Sell	
Asset Back Security		34	7	15	57
Collateralized Mortgage Obligation		100			100
Whole Loan	10	10			19
Grand Total	\$ 10	\$ 144	\$ 7	\$ 15	\$ 176

**Notes**

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*Source: APB database, initially accessed September 23, 2009.*

*Based on the characteristics of the highlighted trades additional analysis appears warranted.*

(a) See Appendix A-3 for additional details.

(b) See Appendix A-4 for additional details.

**OWS Trade Detail for Principal Trades**  
 Trades Booked Between August 1, 2008 and September 19, 2008

Appendix A-3 - OWS Trade Detail for Principal Trades  
 OWS Trade Data Associated with Principal Trades  
 August 1, 2008 - September 19, 2008

Unique Number (a)	Trade Type	Asset Type (b)	Product Short Description	Reason	Trade Book Date	Trade Date	Trade Settle Date	Trade Status	CUSIP	Buy or Sell (b)	Net Amount	Trade Quantity	Price (% of 100)	Trade Description 1	Trade Description 2	Product Description
OWS-19	Principal	CMOPI	MARM 2007-2 A4	\$24 million principal trade of Level 3 (i.e., illiquid asset)	8/20/08	7/28/08	7/31/08	COR	576429AD6	S	7,269,084	24,000,000	37.00	MARM 2007-2 A4	MASTR ADJUSTABLE RATE MORTGAGE	MARM 2007-2 A4 MASTR ADJUSTABLE RATE MORTGAGE
OWS-21	Principal	CMOPI	RAST 2007-A1 A8	\$18 million principal trade of Level 3 (i.e., illiquid asset)	8/20/08	8/14/08	8/19/08	COR	761136AH3	S	9,722,982	18,658,000	66.00	RAST 2007-A1 A8	RESIDENTIAL ASSET SECURITIZATI	RAST 2007-A1 A8 RESIDENTIAL ASSET SECURITIZATI
OWS-23	Principal	CMOPI	MARM 2007-2 A4	\$4 million principal trade of Level 3 (i.e., illiquid asset)	8/20/08	8/19/08	8/22/08	COR	576429AD6	S	1,216,853	4,000,000	37.00	MARM 2007-2 A4	MASTR ADJUSTABLE RATE MORTGAGE	MARM 2007-2 A4 MASTR ADJUSTABLE RATE MORTGAGE
OWS-25	Principal	CMOPI	MARM 2007-2 A4	\$2 million principal trade of Level 3 (i.e., illiquid asset)	8/20/08	8/19/08	8/22/08	COR	576429AD6	S	608,426	2,000,000	37.00	MARM 2007-2 A4	MASTR ADJUSTABLE RATE MORTGAGE	MARM 2007-2 A4 MASTR ADJUSTABLE RATE MORTGAGE
OWS-29	Principal	CMOPI	CWALT 2007-OA11 A1A	Trade involved mortgage backed security not traded on an exchange	8/27/08	7/30/08	8/4/08	COR	02151WAA0	S	9,485,366	17,000,000	58.00	CWALT 2007-OA11 A1A	COUNTRYWIDE ALTERNATIVE LOAN T	CWALT 2007-OA11 A1A COUNTRYWIDE ALTERNATIVE LOAN T
OWS-41	Principal	ASSETBK	APPB 2007-1 A-2-II-A	\$15 million principal trade of Level 3 (i.e., illiquid asset)	9/2/08	8/29/08	9/4/08	COR	037898AB9	S	11,501,753	15,000,000	76.50	APPB 2007-1 A-2-II-A	APPLEBEE'S ENTERPRISES LLC	APPB 2007-1 A-2-II-A APPLEBEE'S ENTERPRISES LLC
OWS-46	Principal	CMOPI	LXS 2007-3 4AA1	\$21 million principal trade of Level 3 (i.e., illiquid asset)	9/5/08	9/4/08	9/9/08	NEW	525245AP1	S	9,686,578	20,999,000	53.00	LXS 2007-3 4AA1	LEHMAN XS TRUST	LXS 2007-3 4AA1 LEHMAN XS TRUST
OWS-44	Principal	WHOLOAN	OWS MORGAN STAN 2008-1	Coupled with trade OWS-45, trades offset each other out.	9/5/08	9/5/08	9/5/08	NEW	WH9130	B	9,730,166	9,730,166	100.00	OWS MORGAN STAN 2008-1	WHOLE LOAN	OWS MORGAN STAN 2008-1 WHOLE LOAN
OWS-45	Principal	WHOLOAN	OWS MORGAN STAN 2008-1	Coupled with trade OWS-44, trades offset each other out.	9/5/08	9/5/08	9/5/08	NEW	WH9130	S	9,730,166	9,730,166	100.00	OWS MORGAN STAN 2008-1	WHOLE LOAN	OWS MORGAN STAN 2008-1 WHOLE LOAN

Notes:

(a) Based on the characteristics of the trades additional analysis appears warranted for the trades shown above. Due to the volume of principal trades with OWS, only trades selected for additional review are displayed in this appendix.

(b) All trade data is presented from Lehman's perspective (e.g., a "B" under Buy / Sell indicates Lehman purchased the security).

## Listing of Selected Counterparties for Avoidance Analysis

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**Appendix A-4**  
**Trade Analysis by Counterparty**

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The following table presents the 14 counterparties Duff & Phelps has selected to review its trading activity segmented by why each counterparty was selected: (a)

<b>Large Banks/Clearing Houses</b>	<b>Potentially Related Parties</b>	<b>Illiquid Asset Trading Partners</b>	<b>Global 1 (b)</b>
Bank of America Corporation	R3 Capital Management, LLC	Fortress Investment Group	Barclays Plc
Barclays Plc	One William Street Capital Management	Blackrock, Inc.	JP Morgan Chase & Co.
Citigroup, Inc.		BlueMountain Capital Management LLC	HSBC Holdings Plc
HSBC Holdings Plc		Stark Investments LP	Stark Investments LP
JP Morgan Chase & Co.			Citigroup, Inc.
The Bank of New York Mellon Corporation			Fortress Investment Group
The Federal Reserve Bank of New York			Bank of America Corporation
Standard Bank			The Bank of New York Mellon Corporation
			Standard Bank Group Limited

Note:

(a) The selected counterparties are subject to change.

(b) Global 1 is a stock loan system located in the UK. Stock loans are presented separately as no principal balances exist for these transactions.

**Exhibit 8 - BlueMountain Capital Management LLC: APB Trade Review**

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## EXHIBIT 8

**SUBJECT:** Findings re: Avoidance Analysis – APB Approach for Trades with BlueMountain Capital Management LLC

### **Executive Summary**

BlueMountain Capital Management LLC (“BlueMountain”) entered into approximately 900 trades having principal balances greater than zero (\$0.00) with Lehman between August 1, 2008 and September 19, 2008. Duff & Phelps LLC (“Duff & Phelps”) reviewed these trades using the Activity Positions & Balances (“APB”) database. After the initial review, Duff & Phelps flagged six (6) Principal Trades and five (5) Reverse Repo Trades for further review based on the trade review procedures set forth below.

### **Trading Partner Background**

BlueMountain was founded in 2003 and is a privately owned hedge fund sponsor based in New York with an additional office in London. The firm invests in the public equity and derivative markets in the United States and in global markets. BlueMountain was selected for this analysis due to the high number of trades related to illiquid assets with Lehman. See **Appendix A-5** for a full list of the selected trading partners.

### **Trade Review**

Duff & Phelps segmented the trading activity based upon Asset Type and selected certain trades for further review as discussed below:

1. Segmented the trades based on the trade type (see **Appendix A-1** and **Appendix A-2** for additional details):

Type	Number of Trades
Sell/Buy Back Trades <sup>1</sup>	34
Principal Trades	10
Repo Trades	492
Reverse Repo Trades	391

*Source: APB database, initially accessed September 23, 2009.*

2. Eliminated trades from further consideration due to one or more of the following characteristics (see **Appendix A-3** and **Appendix A-4** for additional details):

- a. Trade principal amount was less than \$1 million;
- b. Trade was cancelled;
- c. Trade occurred on an exchange with high visibility and liquidity (mitigating the risk of mispricing);
- d. Reverse Repo Trades that were settled prior to the bankruptcy date (i.e., BlueMountain returned the borrowed cash and took possession of the underlying assets);
- e. Reverse Repo Trades that were unsettled prior to bankruptcy but involved highly liquid assets (mitigating the risk of mispricing and/or the significance of any potential amounts to be recovered by the Lehman estate);
- f. Trade involved highly liquid securities (e.g., U.S. Treasury Bond) mitigating the risk of mispricing and/or the significance of any potential losses to be recovered; and
- g. Trade was a Repo Trade or Sell/Buy Back Trade where Lehman would be the borrower of funds.

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<sup>1</sup> A Sell/Buy Back has the same essential structure as a Reverse Repo with differences including, but not limited to, the lack of a governing contract and the need to perform the entire trade through multiple transactions (i.e., the Sell/Buy Back Trade would have two trades involving the initial Sell/Buy trade of the security and the forward trade obligation to reverse the trade at a future date).

## **Findings and Pricing Analysis**

Of the approximately 900 trades between Lehman and BlueMountain between August 1, 2008 and September 19, 2008 with principal amounts greater than zero (\$0.00): six (6) Principal Trades and five (5) Reverse Repo Trades remained for further analysis.

### ***1. Principal Trades (6)***

- a. The remaining Principal Trades between Lehman and BlueMountain involved the purchase or sale of illiquid or non-exchange traded assets relating to MBS, high-yield corporate bonds, or bonds issued by government agencies (e.g., Fannie Mae). None of the trades were executed via an exchange or clearing house (which would have mitigated the risk of mispricing). These types of trades are relevant to this analysis as risk exists that the trades could have been executed at prices that did not reflect the economic value of the security exchanged, potentially causing economic harm to the Lehman estate (the “Estate”). See **Appendix A-3** for additional detail relating to these trades.
  
- b. Pricing Analysis: See Exhibit 21 for the pricing analysis performed on these six (6) trades.

### ***2. Reverse Repo Trades (5)***

- a. All five (5) Reverse Repo Trades had open-ended settlement dates as of the bankruptcy filing and involved potential illiquid securities.<sup>2</sup> These trades are relevant to this analysis as they represent possible means of transferring cash out of the Estate in exchange for mispriced (overvalued) securities immediately prior to the bankruptcy filing. The risk in this case is that such trades were executed at a price that did not reflect the economic value of the securities exchanged, potentially causing economic harm to the Estate. See **Appendix A-4** for additional details of these trades.
  
- b. Pricing Analysis: See Exhibit 21 for the pricing analysis performed on these five (5) trades.

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<sup>2</sup> Reverse Repo trades typically involve two “legs” to the recorded trade. The first “leg”, which records the transfer-in of securities and the transfer-out of cash, typically has a settlement date within a day or two. The settlement date for the first “leg” represents the date when the securities are actually transferred-in in return for cash. The second “leg,” which is booked at the same time as the first “leg”, records the planned transfer back out of securities and corresponding receipt of cash. Typically the second “leg” has a settlement date that can be days, weeks, or possibly months in the future. The settlement date for the second “leg” represents the date when the securities will be transferred back out in return for cash (unless the trade is subsequently adjusted, in which case there may be a third “leg” to adjust the terms of the second “leg”). Given this typical “pairing” of trades, Duff & Phelps has included both legs of the trades in **Appendix A-4** for reference.

Count of Trades Between Lehman and BlueMountain by Trade and Asset Type  
 Trades Booked Between August 1, 2008 and September 19, 2008

**Appendix A-1 - Count of Trades Between Lehman and BlueMountain by Trade and Asset Type**

**BlueMountain Trade Volume for Trades Having a Principal Value Greater than \$0.00**

**August 1, 2008 - September 19, 2008**

**Count of Individual Trades**

Asset Type	Sell/Buy Back	Trade Types			Repo	Grand Total
		Principal Trades (a)	Reverse Repo (a)	Repo		
Asset Backed Security		1	26			27
Corporate Bond		5	42	48		95
European Securities		2	5			7
Money Market		1				1
Foreign Government Bonds	34					34
US Treasury		1	318	444		763
Grand Total	34	10	391	492		927

**Notes**

*Source: APB database, initially accessed September 23, 2009.*

*Based on the characteristics of the highlighted trades additional analysis appears warranted.*

(a) See Appendix A-2 for additional details regarding the Principal and Reverse Repo trades.

**USD Volume of Trades Between Lehman and BlueMountain by Trade and Asset Type**

Trades Booked Between August 1, 2008 and September 19, 2008

**Appendix A-2 - USD Volume of Trades Between Lehman and BlueMountain by Trade and Asset Type**

**BlueMountain Trade Principal for Trades Having a Principal Value Greater than \$0.00**

**August 1, 2008 - September 19, 2008**

**Value in \$ Millions**

*Trade Types*

Asset Type	Principal Trades (a)		Reverse Repo (b)		Grand Total
	Buy	Sell	Buy	Sell	
Asset Backed Security		4	119	86	208
Corporate Bond	20		339	219	578
European Securities		4	46	31	81
Money Market		4			4
Foreign Government Bonds					554
US Treasury		25	6,118	3,784	9,927
Grand Total	\$ 20	\$ 36	\$ 6,622	\$ 4,119	\$ 11,352

**Notes**

*Source: APB database, initially accessed September 23, 2009.*

*Based on the characteristics of the highlighted trades additional analysis appears warranted.*

(a) Refer to Appendix A-3 for further information.

(b) Refer to Appendix A-4 for further information.

**BlueMountain Trade Detail for Principal Trades**  
 Trades Booked Between August 1, 2008 and September 19, 2008

Appendix A-3 - BlueMountain Trade Detail for Principal Trades  
 BlueMountain Trade Detail Associated with Selected Principal Trades  
 August 1, 2008 - September 19, 2008

Unique Number (a)	Trade Type (b)	Asset Type	Product Short Description	Reason	Trade Book Date	Trade Date	Settle Date	Trade Status	CUSIP	Buy or Sell (b)	Net Amount	Trade Quantity	Price (% of 100)	Trade Description 1	Trade Description 2	Product Description
BM-845	Principal Trade	CBOND	WEST CORP SR NT 11%16R/MD 11.0	High yield corporate bond trade not exchange trade	8/5/08	8/4/08	8/7/08	NEW	952355AF2060	S	\$ 1,243,833	1,500,000	79.50	WEST CORP SR NT 11%16	DUE 10/15/2016 11.000% AO15	WEST CORP SR NT 11%16R/MD 11.0010/15/2016
BM-804	Principal Trade	CBOND	SUNGARD DATA SYSTEMS INC	High yield corporate bond trade not exchange trade	8/8/08	8/7/08	8/12/08	NEW	867363AL7060	S	6,104,464	5,750,000	101.13	SUNGARD DATA SYS INC SR SB NT	15	SUNGARD DATA SYSTEMS INC
BM-541	Principal Trade	CBOND	SUNGARD DATA SYSTEMS INC	High yield corporate bond trade not exchange trade	8/22/08	8/21/08	8/26/08	NEW	867363AL7060	S	5,065,660	5,000,000	101.00	SUNGARD DATA SYS INC SR SB NT	15	SUNGARD DATA SYSTEMS INC
BM-166	Principal Trade	CBOND	SUNGARD DATA SYSTEMS INC	High yield corporate bond trade not exchange trade	9/9/08	9/8/08	9/11/08	NEW	867363AL7060	S	5,124,514	5,000,000	101.75	SUNGARD DATA SYS INC SR SB NT	15	SUNGARD DATA SYSTEMS INC
BM-161	Principal Trade	CBOND	SUNGARD DATA SYSTEMS INC	High yield corporate bond trade not exchange trade	9/10/08	9/9/08	9/12/08	NEW	867363AL7060	S	3,068,063	3,000,000	101.50	SUNGARD DATA SYS INC SR SB NT	15	SUNGARD DATA SYSTEMS INC
BM-77	Principal Trade	ASSETBK	SASC 2006-BC3 A2	Principal trade involving level 3 asset.	9/11/08	9/10/08	9/11/08	NEW	86359PAB6	B	3,518,524	9,000,000	97.03	SASC 2006-BC3 A2	STRUCTURED ASSET SECURITIES CO	SASC 2006-BC3 A2 STRUCTURED ASSET SECURITIES CO

Notes

Source: APB database, initially accessed September 23, 2009.

(a) Based on the characteristics of the trades additional analysis appears warranted for the trades shown above. Due to the large volume of Principal trades with BlueMountain, only trades selected for additional review are displayed in this appendix.

(b) All trade data is presented from Lehman's perspective (e.g., a "B" under Buy / Sell indicates Lehman purchased the security).

## BlueMountain Trade Detail for Reverse Repo Trades

Trades Booked Between August 1, 2008 and September 19, 2008

Appendix A-4 - BlueMountain Trade Detail for Reverse Repo Trades  
 BlueMountain Trade Detail Associated with Selected Reverse Repo Trades  
 August 1, 2008 - September 19, 2008

Unique Number (a)	Trade Type (b)	Asset Type		Product Short Description	Reason	Trade Book Date	Trade Date	Trade Settle Date	Trade Status	CUSIP	Buy or Sell (b)	Net Amount	Trade Quantity	Price (% of 100)	Trade Description 1	Trade Description 2	Product Description
BM-746	Reverse Repo	CBOND	EMBARQ CORP	Trade involves reverse repo that appears to be unsettled as of the valuation date		8/13/08	8/13/08	8/18/08	NEW	29078EAB1	B	\$ 8,972,438	10,225,000	87.75	EMBARQ CORP	MAKE WHOLE CALL	EMBARQ CORP MAKE WHOLE CALL
BM-750	Reverse Repo	CBOND	EMBARQ CORP	Trade involves reverse repo that appears to be unsettled as of the valuation date		8/13/08	8/13/08	11/17/08	NEW	29078EAB1	S	\$ 8,972,438	10,225,000	87.75			EMBARQ CORP MAKE WHOLE CALL
BM-387	Reverse Repo	CBOND	MICHAELS STORES INC	Trade involves reverse repo that appears to be unsettled as of the valuation date		8/29/08	8/29/08	9/2/08	NEW	594087AM0	B	3,937,500	7,000,000	56.25	MICHAELS STORES INC	MAT DT 11/01/16 11.375%	MICHAELS STORES INC
BM-391	Reverse Repo	ASSETBK	SFFIN 2004-1A A	Trade involves reverse repo that appears to be unsettled as of the valuation date		8/29/08	8/29/08	9/2/08	NEW	817821AA9	B	14,404,555	20,000,000	84.72	SFFIN 2004-1A A	SETTLEMENT FEE FINANCE LLC	SFFIN 2004-1A A SETTLEMENT FEE FINANCE LLC
BM-227	Reverse Repo	CBOND	MICHAELS STORES INC	Trade involves reverse repo that appears to be unsettled as of the valuation date		9/2/08	8/29/08	9/2/08	CAN	594087AM0	S	3,937,500	7,000,000	56.25	MICHAELS STORES INC	MAT DT 11/01/16 11.375%	MICHAELS STORES INC
BM-439	Reverse Repo	ASSETBK	SFFIN 2004-1A A	Trade involves reverse repo that appears to be unsettled as of the valuation date		8/29/08	8/29/08	1/1/00	NEW	817821AA9	S	14,404,555	20,000,000	84.72			SFFIN 2004-1A A SETTLEMENT FEE FINANCE LLC
BM-230	Reverse Repo	CBOND	MICHAELS STORES INC	Trade involves reverse repo that appears to be unsettled as of the valuation date		9/2/08	9/2/08	9/3/08	NEW	594087AM0	B	4,252,500	7,000,000	60.75	MICHAELS STORES INC	MAT DT 11/01/16 11.375%	MICHAELS STORES INC
BM-234	Reverse Repo	CBOND	MICHAELS STORES INC	Trade involves reverse repo that appears to be unsettled as of the valuation date. The reverse trade was cancelled, thereby this trade has not been consummated.		9/2/08	9/2/08	1/1/00	NEW	594087AM0	S	4,252,500	7,000,000	60.75			MICHAELS STORES INC
BM-116	Reverse Repo	EURO	KOREA ELECTRIC #144A 5.125%	Trade involves reverse repo that appears to be unsettled as of the valuation date		9/11/08	9/11/08	9/12/08	NEW	500631ASS	B	15,746,250	17,000,000	92.63	KOREA ELECTRIC POWER CORP	MAT DT 04/23/34 05.125%	KOREA ELECTRIC POWER CORP 5.125% 20340423 SERIES# 144A
BM-119	Reverse Repo	EURO	KOREA ELECTRIC #144A 5.125%	Trade involves reverse repo that appears to be unsettled as of the valuation date		9/11/08	9/11/08	1/1/00	NEW	500631ASS	S	15,746,250	17,000,000	92.63			KOREA ELECTRIC POWER CORP 5.125% 20340423 SERIES# 144A

Notes

Source: APB database, initially accessed September 23, 2009.

(a) Based on the characteristics of the trades additional analysis appears warranted for the trades shown above. Due to the large volume of Reverse Repo trades with BlueMountain, only trades selected for additional review are displayed in this appendix.

(b) All trade data is presented from Lehman's perspective (e.g., a "B" under Buy / Sell indicates Lehman purchased the security).

## Listing of Selected Counterparties for Avoidance Analysis

### **Appendix A-5 - Listing of Selected Counterparties for Avoidance Analysis**

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#### **Trade Analysis by Counterparty**

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The following table presents the 14 counterparties Duff & Phelps has selected to review its trading activity segmented by why each counterparty was selected: (a)

<b>Large Banks/Clearing Houses</b>	<b>Potentially Related Parties</b>	<b>Illiquid Asset Trading Partners</b>	<b>Global 1 (b)</b>
Bank of America Corporation	R3 Capital Management, LLC	Fortress Investment Group	Barclays Plc
Barclays Plc	One William Street Capital Management	Blackrock, Inc.	JP Morgan Chase & Co.
Citigroup, Inc.		BlueMountain Capital Management LLC	HSBC Holdings Plc
HSBC Holdings Plc		Stark Investments LP	Stark Investments LP
JP Morgan Chase & Co.			Citigroup, Inc.
The Bank of New York Mellon Corporation			Fortress Investment Group
The Federal Reserve Bank of New York			Bank of America Corporation
Standard Bank			The Bank of New York Mellon Corporation
			Standard Bank Group Limited

Note:

- (a) The selected counterparties are subject to change.
- (b) Global 1 is a stock loan system located in the UK. Stock loans are presented separately as no principal balances exist for these transactions.

**Exhibit 9 - Stark Investments LP: Memoranda and Appendices**

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## EXHIBIT 9

**SUBJECT:** Findings re: Avoidance Analysis – APB Approach for Trades with Stark Investments LP

### **Executive Summary**

Stark Investments LP (“Stark”) entered into approximately 1,500 trades having principal balances greater than zero (\$0.00) with Lehman between August 1, 2008 and September 19, 2008. Duff & Phelps LLC (“Duff & Phelps”) reviewed these trades using the Activity Positions & Balances (“APB”) database. After the initial review, Duff & Phelps flagged 14 “Principal Trades” and 15 “TBA Trades or Unlisted Option Trades” for further review based on the trade review procedures set forth below.

### **Trading Partner Background**

Stark is a privately owned hedge fund sponsor founded in 1992 and based in St. Francis, Wisconsin. Stark was selected for this analysis due to the high number of trades related to illiquid assets with Lehman. See **Appendix A-5** for a full list of the selected trading partners.

### **Trade Review**

Duff & Phelps segmented the trading activity based upon Trade Type and selected certain trades for further review as discussed below:

1. Segmented the trades based on the trade type (see **Appendix A-1** and **Appendix A-2** for additional details):

Type	Number of Trades
Cross Trades <sup>1</sup>	93
Agency Trades <sup>2</sup>	403
Principal Trades	88
Repo Trades	341
Reverse Repo Trades	552
TBA Trades or Unlisted Option Trades <sup>3</sup>	65

*Source: APB database, initially accessed September 23, 2009.*

2. Eliminated trades from further consideration due to one or more of the following characteristics (see **Appendix A-3** through **Appendix A-4** for additional details):

- a. Trade principal amount was less than \$1 million;
- b. Trade was cancelled;
- c. Trade occurred on an exchange with high visibility and liquidity (mitigating the risk of mispricing);
- d. Trade was an Agency Trade where it appears that Lehman was acting on behalf of a client (i.e., Lehman’s net position unaffected by such trades), and thus, not likely avoidable;
- e. Trade was a Cross Trade between customers (i.e., Lehman’s net position unaffected by such trades);

<sup>1</sup> Cross Trades represent trades in which Lehman acted as a broker where the transfer occurred between two Lehman customer accounts, and thus, not likely avoidable. As a result, such trades did not get selected for further investigation for the purpose of this analysis.

<sup>2</sup> Agency Trades represent trades in which Lehman acted as an agent where the transfer occurred between a Lehman broker/dealer customer and a third-party, and thus, not likely avoidable. As a result, such trades did not get selected for further investigation for the purpose of this analysis.

<sup>3</sup> The moniker of TBA Trades or Unlisted Option Trades can have one of two meanings in the APB database. TBA Trades relate to government agency mortgage backed securities in what is referred to as the “TBA market.” The term “TBA” is derived from the fact that the actual mortgage-backed security that will be delivered to fulfill a TBA Trade is not designated at the time the trade is made. The securities are “to be announced” 48 hours prior to the established trade settlement date. Unlisted Option Trades relate to option contracts (i.e. Put/Call) in which the contract is not exchange traded. In Duff & Phelps’s review, all TBA/Unlisted Option Trades were TBA Trades.

- f. Reverse Repo Trades that were settled prior to the bankruptcy date (i.e., Stark returned the borrowed cash and took possession of the underlying assets);
- g. Reverse Repo Trades that were unsettled prior to bankruptcy but involved highly liquid assets (mitigating the risk of mispricing and/or the significance of any potential amounts to be recovered by the Lehman estate);
- h. Trade involved highly liquid securities (e.g., U.S. Treasury Bond) mitigating the risk of mispricing and/or the significance of any potential losses to be recovered; and
- i. Trade was a Repo Trade where Lehman would be the borrower of funds.

### **Findings and Pricing Analysis**

Of the approximately 1,500 trades between Lehman and Stark between August 1, 2008 and September 19, 2008 with principal amounts greater than zero: 14 Principal Trades and 15 TBA Trades or Unlisted Option Trades for further analysis.

#### **1. Principal Trades (14)**

- a. Excluding trades involving government agency mortgage backed securities (“Agencies”), 6 of the 14 Principal Trades between Lehman and Stark involved the purchase or sale of securities that were not traded on an exchange and for which the underlying securities were non-investment grade corporate bonds, municipal bonds, asset-backed securities (including mortgage backed), or other types of securities. These types of trades are relevant to this analysis as risk exists that the trades could have been executed at prices that did not reflect the economic value of the security exchanged, potentially causing economic harm to the Estate.

The remaining eight (8) of the Principal Trades involved Agencies that were not traded on an exchange. Due to the government backing of these securities, we expect reduced pricing volatility, and thus a likely reduction in risk of potential pricing manipulation. Therefore, we recommend that Agencies be viewed separately due to the potentially mitigated risk associated with these securities. See **Appendix A-3** for additional detail relating to these trades.

- b. Pricing Analysis: See Exhibit 21 for the pricing analysis performed on these fourteen (14) trades.

#### **2. TBA Trade or Unlisted Option Trades (15)**

- a. The remaining TBA Trades or Unlisted Option Trades between Lehman and Stark involved Agencies that were not traded on an exchange. These trades are similar to the Agencies that were not traded on an exchange, discussed in 1(a) above. See **Appendix A-4** for additional details of these trades.
- b. Pricing Analysis: See Exhibit 21 for the pricing analysis performed on these fifteen (15) trades.

Count of Trades Between Lehman and Stark by Trade and Asset Type  
Trades Booked Between August 1, 2008 and September 19, 2008

**Appendix A-1 - Count of Trades Between Lehman and Stark by Trade and Asset Type**

**Stark Trade Volume for Trades Having a Principal Value Greater than \$0.00**

**August 1, 2008 - September 19, 2008**

**Count of Individual Trades**

Asset Type	Cross Trades	Agency Trades	Principal Trades (a)	Trade Types			TBA or Unlisted Option Trades(a)	Grand Total
				Reverse Repo Trades (a)	Repo Trades			
[NULL]							65	65
American Depository Receipt	21	10						31
Asset Backed Security				71				71
Corporate Bond	9	5	3	11				28
Corporate Convertible Bond		45	3					48
Collateralized Mortgage Obligation				8				8
Common Stock	56	292	61					409
European Based Security		5	5					10
Fannie Mae Security			3					3
Future Repo				4				4
Mutual Fund		12						12
Offshore Trade		1						1
Preferred Stock	2	9						11
REIT	5	19						24
Government Agency Security			10	14				24
US Treasury		5	3	444	341			793
Grand Total	93	403	88	552	341		65	1,542

Notes

*Source: APB database, initially accessed September 23, 2009.*

*Based on the characteristics of the highlighted trades additional analysis appears warranted.*

(a) See Appendix A-2 for additional details regarding the Principal, Reverse Repo, and TBA or Unlisted Option Trades.

USD Volume of Trades Between Lehman and Stark by Trade and Asset Type  
 Trades Booked Between August 1, 2008 and September 19, 2008

**Appendix A-2 - USD Volume of Trades Between Lehman and Stark by Trade and Asset Type**

**Stark Trade Principal for Trades Having a Principal Value Greater than \$0.00**

**August 1, 2008 - September 19, 2008**

**Value in \$ Millions**

Asset Type	Principal Trades (a)		Reverse Repo (b)		TBA or Unlisted Option Trades (c)			Grand Total
	Buy	Sell	Buy	Sell	Buy	Sell		
[NULL]					1,403	1,403	2,807	
Asset Backed Security			29	65			94	
Collateralized Mortgage Obligation			21	44			65	
Corporate Bond	2		12	21			35	
Corporate Convertible Bond		6					6	
Common Stock	140	26					167	
European Based Security	17						17	
Fannie Mae Security	48	0					48	
Future Repo			150	150			300	
Government Agency Security	68		26	34			128	
US Treasury	0		7,565	12,564			20,129	
Grand Total	\$ 276	\$ 33	\$ 7,803	\$ 12,878	\$ 1,781	\$ 1,403	\$ 24,175	

**Notes**

*Source: APB database, initially accessed September 23, 2009.*

*Based on the characteristics of the highlighted trades additional analysis appears warranted.*

(a) Refer to Appendix A-3 for further information.

(b) The Reverse Repo Trades were analyzed; however, based on our preliminary review of the trades, no additional analysis appears warranted. Due to the large volume of trades between Stark and Lehman no details for the trades not selected for additional review are presented.

(c) Refer to Appendix A-4 for further information.